

ZERO BASED BUDGET REPORTS

Fiscal Year 2018

Governor Nathan Deal



FY 2018 Zero-Based Budget Analysis

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FY 2018 Zero-Based Budget Analysis

Introduction

The Governor's Office of Planning and Budget (OPB) is responsible for managing and developing the state budget. OPB utilized a zero-based budgeting (ZBB) approach to analyze selected programs during the AFY 2017 and FY 2018 budget process. The purpose of the zero-based budget analysis is to assess individual programs against their statutory responsibilities, purpose, cost to provide services, and outcomes achieved in order to determine the efficiency and effectiveness of the program and its activities.

OPB conducted a zero-based budget analysis of approximately 13 percent of all budgetary programs during the fall of 2016. The ZBB review process included a detailed analysis of the cost and sources of funding for program activities, an examination of two years of expenditure trend data, as well as a review of the program's performance through measures capturing the effectiveness, efficiency, and workload of program activities. This analysis was used to develop recommendations for the AFY 2017 and FY 2018 Governor's Budget Report.

The ZBB review process formalizes the work inherent in OPB's budget analysis and provides a systematic review and reporting of the activities, performance and expenditures of the programs in the state budget.

The reports in this document are a summary of the information gathered and analyzed by OPB as part of our ZBB reviews. The document includes four sections for each program reviewed:

1. **Narrative Summary of Analysis:** This section offers an overview of the program, summarizes OPB's analysis and provides recommendations for future review or changes to the program budget and operations.
2. **Key Activities:** This section lists the program's key activities and provides its authority, number of positions, and state and total funds budgeted.
3. **Financials:** This section provides a summary of the program expenditures and budget. The section lists two years of expenditures and the current fiscal year budget.
4. **Performance Measures:** This section lists agency purpose, the program purpose, and a set of measures for the program.



FY 2018 Zero-Based Budget Analysis

State Accounting Office

ZBB Program: State Board of Accountancy

Executive Summary

- The purpose of the State Board of Accountancy is to protect the financial and economic interests of Georgians by licensing certified public accountants (CPA) and public accounting firms and by regulating public accounting practices through verifying credentials and investigating complaints.
 - In 2014, House Bill 291 moved the board from the Secretary of State's Office (SOS) to the State Accounting Office as an attached agency.
 - The board should continue to monitor and evaluate contract payments for licensing services.
 - The board should consult with the Office of the State Treasurer and the Office of Planning and Budget regarding its decision to not charge licensees the bank convenience fee.
-

Program Overview

The State Board of Accountancy protects the financial and economic interests of Georgians through a number of actions, including the following: licensing and renewing licenses for certified public accountants and public accounting firms; coordinating with professional organizations that update the standards of licensing and practices; enforcing rules and ensuring compliance of standards; and providing assistance to CPAs, CPA firms, and individuals seeking to become a CPA. The board may reject a license application or revoke an existing license, or take other appropriate action against a licensee that does not meet certain standards or rules.

O.C.G.A. 43-3-4 states that the board shall be made up of seven members appointed by the governor, with each serving for no more than two consecutive four-year terms. All but one member must be certified public accountants in Georgia; the remaining member cannot be a current or former certified public accountant. The board employs four full-time positions, including the executive director. It contracts for the initial licensing activities, but renewals of licenses are performed by the board itself. It is responsible for approximately 20,000 individuals, 1,900 active firms and 3,100 lapsed firms, though the board is not always able to investigate whether a lapsed firm is still operating due to workload.

The board is authorized in state code (O.C.G.A. 43-3-7) to charge fees for examination, licensing and renewal, as well as "similar fees." For example, both renewal fees and late renewal fees are charged. However, all fees collected by the board are remitted directly to the Office of the State Treasurer.

In 2014, House Bill 291 moved the board from the Secretary of State's Office (SOS) to the State Accounting Office as an attached agency; it previously was one of many boards under SOS. The board was appropriated \$641,326 in amended FY 2015, when it was reflected as a separate program under the State Accounting Office for the first time. This amount increased to \$686,972 in state general funds for FY 2016 and \$799,372 for FY 2017. A significant portion of the FY 2017 increase was intended for audits of continuing education credits for licensees.

Results and Recommendations

Effective August 2015, the board increased fees for licenses. CPAs must renew their licenses every two years. According to an April 2014 report by the Georgia Occupational Regulation Review Council, which cited information from the Secretary of State's Office, the board took in approximately \$1.2 million for the state every two years prior to its move from the Secretary of State's Office. The board took in approximately \$2.1 million from individual licensees prior to the two-year renewal deadline of December 31, 2015. In FY 2016, roughly 19,000 licenses were processed.

Bank Fees

The board has continued its practice of absorbing the cost of credit card fees based on the cost of applications since transferring from the Professional Licensing Board. Since costs have been higher than expected, the board should consult with the Office of the State Treasurer and the Office of Planning and Budget regarding its decision to not charge licensees the bank convenience fee.

Contract Payments

In the past, the board has experienced difficulties matching the cost of contractor services with its revenue that it remits to treasury. The board should continue to monitor and evaluate its contract payments and fee intake to ensure the board can continue to cover the full cost of its operations.

Title 45, Chapter 12, Section 78 of the Official Code of Georgia Annotated provides that no later than September 1 of each year the head of each agency shall submit to the Office of Planning and Budget (OPB) estimates of the financial requirements of the agency for the next fiscal year, on the forms and in the manner prescribed by OPB, with such explanatory data as is required by OPB. OPB specifies such requirements in its annual budget instructions. In each year's budget instructions, OPB sets the level of funding that may be submitted in the agency's request. Each agency must communicate with its assigned OPB analyst to determine the level of funding needed to properly meet projected expenditures for each program, funding source, and object class. OPB analyzes requests for additional funds and notifies agencies which programs have been identified for additional funding. The agency should utilize this process to ensure appropriate funding for operations.

State Accounting Office
 ZBB Program: Georgia State Board of Accountancy

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Accountancy Board	Licenses certified public accountants (CPA) and public accounting firms. Regulates accounting practices through verifying credentials and investigating complaints.	OCGA 43-3-3 et seq.	5	\$799,372	\$799,372
Total			5	\$799,372	\$799,372

* (Listed in priority order as determined by Agency)

State Accounting Office
 ZBB Program: Georgia State Board of Accountancy

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$216,687	\$367,580	\$411,772
Regular Operating Expenses	23,898	69,162	87,360
Motor Vehicle Purchases			
Equipment			
Computer Charges	1,209		
Real Estate Rentals		286	4,206
Telecommunications	2,619	4,372	6,034
Contractual Services	305,820	192,305	290,000
Total Expenditures	\$550,233	\$633,705	\$799,372
Fund Type			
State General Funds	\$550,233	\$633,705	\$799,372
Total Funds	\$550,233	\$633,705	\$799,372
Positions	4	4	4
Motor Vehicles	0	0	0

State Accounting Office
ZBB Program: Georgia State Board of Accountancy

Performance Measures

Agency Purpose:

The State Accounting Office (SAO) prescribes statewide accounting policies, procedures, and practices. The office prepares the state's annual financial statements, the Comprehensive Annual Financial Report (CAFR), the Budgetary Compliance Report (BCR), and other statewide financial information. Additionally, SAO manages the state's accounting, payroll and human capital systems that include accounts payables and accounts receivables.

Program Purpose:

The purpose of this program is to protect public, financial, fiscal, and economic interests by licensing certified public accountants and public accountancy firms; regulating public accountancy practices; and investigating complaints and taking appropriate legal and disciplinary actions when warranted.

Performance Measures

Actuals				
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of individual CPA renewals processed	33	17,842	434	19,021
2. Number of CPA firm renewals processed	317	672	752	1,043



FY 2018 Zero-Based Budget Analysis

Department of Administrative Services

ZBB Program: Office of the State Treasurer

Executive Summary

- The Office of the State Treasurer (OST) stewards the state's cash by setting policies and by managing the state's funds, investments for state agencies and local governments, and state agency bank accounts and other programs.
 - OST develops and implements investment strategies designed to preserve safety of capital while still possessing a reasonable return on investment.
 - Georgia should provide assistance to qualifying Georgia residents who wish to participate in Georgia's ABLE program, which will partner with another state designated by the Office of the State Treasurer.
-

Program Overview

The Office of the State Treasurer (OST) aims to preserve the state's capital through efficient management of the state's cash resources. OST establishes cash management policies for the state, assists state agencies with contracting for banking services, invests funds for state and local entities, administers the Path2College 529 Plan, and administers the Georgia Achieving a Better Life Experience (ABLE) program.

Investments

The Office of the State Treasurer invests the state's funds along with funds from local governments to both preserve and increase resources. Per the investment policy set by the State Depository Board, OST first considers the probable safety of capital and liquidity of funds and then factors in probable income as an important but secondary criteria. OST manages 11 separate investment funds, the largest of which is the Georgia Fund 1 (GF1) with \$13.3 billion under management. Other dedicated funds include a portion of the State Health Benefit Plan, the Lottery for Education shortfall reserve, the state's surplus funds, the state's self-insurance funds, and portions of sales tax proceeds received as a result of the Transportation Investment Act.

Cash Management

OST maintains the state's funds and assures sufficient liquidity exists to fund all state disbursements. The office ensures that state agencies have the necessary operational funds through its Cash Flow Model. The Cash Flow Model incorporates revenue estimates, historical data and an agency's disbursement projections to determine the state's liquidity. This service is particularly valuable during recessions or reductions in the governor's revenue forecasts because it can help project the availability of funds for future allotment decisions.

Banking Services

The Office of the State Treasurer manages all banking services for state agencies and other state entities. OST updates and maintains the State Bank Registry to track all state entity banking relationships, for a total of 1,600 state bank accounts. OST also pays bank fees for accounts holding state funds.

Since 1999, OST has contracted with the Georgia Bankers Association to administer the Georgia State Pledging Pool program, which requires a depository to maintain collateral equal to 110 percent of the public funds it holds after subtracting the amount covered by deposit insurance. Collateral is pledged to the State Treasurer on behalf of depositors. During the 2016 legislative session, the General Assembly established multibank pledging pools designed to reduce a single depository's collateral burden through shared loss coverage. The multibank pledging pool option is only available to those banks doing business in Georgia with deposits exceeding \$50 billion.

Path2College 529 Plan

Section 529 of the IRS Code authorizes tax-exempt savings accounts for families saving to cover the cost of higher education. In 2002, the Georgia General Assembly established the Path2College 529 Plan, which is housed in the Office of the State Treasurer. OST monitors investment performance and asset allocation while also coordinating the Georgia Higher Education Savings Plan board meetings. TIAA-CREF is responsible for managing the investments of the assets. The state receives 0.0006 percent from account holders as an administrative fee, which is directed to the Georgia Student Finance Commission for marketing of the program. The maximum contribution amount for individuals filing jointly changed from \$2,000 to \$4,000 during the 2016 legislative session.

Results and Recommendations

ABLE Program

House Bill 768, enacted by the General Assembly during the 2016 legislative session, provides for a tax-exempt savings account for Georgians with developmental disabilities to offset high cost of living expenses. All expenses using these funds must meet certain requirements. The assets and distributions from the ABLE program accounts do not factor into eligibility determinations for most federal means-based benefits, including Medicaid. HB 768 allows the state to start its own program, or it can provide assistance for Georgia residents participating in qualified plans of other states. Georgia should provide assistance to qualifying Georgia residents who wish to participate in Georgia's ABLE program, which will partner with another state designated by the Office of the State Treasurer.

Department of Administrative Services
 ZBB Program: Office of the State Treasurer

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Investments	Invests all funds with the degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering first the probable safety of their capital and then the probable income to be derived	50-5A-7, 50-17-2, 50-17-23 through 27, 50-17-50 through 63; 36-83-2	9	\$0	\$2,724,741
Cash Management	Sets cash management policies for state agencies, monitor agency deposits and disbursement patterns, fund agency allotments, and pay state debt service.	50-1-6, 50-17-51	8	0	1,808,955
Banking	Manages all state bank accounts; maintain a registry of all state bank accounts; manage the state's bank fee payment program; review banking services for state agencies; manage the state's Cash Management Improvement Act compliance; and manage the state's multibank pledging pool.	45-8-1 through 13, 50-17-50, 50-17-52, 50-17-53; 50-1-6	4	0	782,514
State's Path2College 529 Plan and ABLE program	Through a partnership with TIAA-CREF Tuition Financing, OST manages the State's Path2College 529 Plan. The plan provides tax incentives to parents and others who save for future higher education expenses. Savings in the program grow tax-deferred and withdraws for higher education expenses are tax-free. Manages the state's ABLE program, allows people with disabilities to open savings accounts, similar to 529 college savings plans.	20-3-630 - 642; 30-9	1	0	300,677
Total			22	\$0	\$5,616,887

* (Listed in priority order as determined by Agency)

Department of Administrative Services
 ZBB Program: Office of the State Treasurer

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$2,694,824	\$3,246,818	\$3,539,000
Regular Operating Expenses	243,862	254,813	330,413
Motor Vehicle Purchases			
Equipment		89,378	51,229
Computer Charges	29,896	187,974	27,857
Real Estate Rentals	102,205	102,063	105,000
Telecommunications	63,792	80,333	113,378
Contractual Services	568,722	1,226,868	1,408,958
Transfers Out	22,384	14,152	41,052
Total Expenditures	\$3,725,685	\$5,202,399	\$5,616,887
Fund Type			
Other Funds	\$3,725,685	\$5,202,399	\$5,616,887
Total Funds	\$3,725,685	\$5,202,399	\$5,616,887
Positions	21	22	22
Motor Vehicles	0	0	0

Department of Administrative Services
 ZBB Program: Office of the State Treasurer

Performance Measures

Agency Purpose:

The Georgia Department of Administrative Services (DOAS) provides business solutions to Georgia’s state and local government entities. DOAS' product and service offerings encompass a broad spectrum that includes purchasing (procurement), risk management, enterprise human resources, fleet support services and surplus property transactions.

Program Purpose:

The purpose of this program is to set cash management policies for state agencies; assist agencies with bank services and accounts; monitor agency deposits and disbursement patterns; to invest funds for state and local entities; to track warrants, fund agency allotments, and pay state debt service; and to manage state revenue collections; and to manage the Path2College 529 Plan.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of transactions in the statewide merchant card contract	5,256,926	6,377,373	6,699,109	8,357,718
2. Amount by which the return on the state general obligation bond portfolio exceeds the return on Georgia Fund 1	0.34	0.19	0.31	0.27
3. Number of bank accounts and bank services evaluated	32	12	5	21



FY 2018 Zero-Based Budget Analysis

Department of Behavioral Health and Developmental Disabilities

ZBB Program: Sexual Offender Review Board

Executive Summary

- The Sexual Offender Review Board (SORB) was created in 2006 to identify, classify, and manage sex offenders through the use of actuarial risk assessments.
- SORB is legislatively attached to the Department of Behavioral Health and Developmental Disabilities (DBHDD) and relies on the Georgia Bureau of Investigation’s (GBI) investigator analysts to help identify sexual offenders.
- SORB currently uses a database that does not provide a reliable means to maintain case flow, complete cases, or run reports; SORB has contracted with a developer, Invictus, to create a new database that will improve efficiency in the process of classifying sexual offenders
- SORB should establish additional performance measures to track its workload and efficiencies associated with the program’s key activities.
- The board should align position counts in BudgetNet with the actual number of employees.

Program Overview

The Sexual Offender Review Board, which is administratively attached to the Department of Behavioral Health and Developmental Disabilities, was created in 2006 to protect Georgia’s children by identifying convicted sexual offenders that present the greatest risk of sexually reoffending. SORB determines the likelihood that an offender will engage in another crime against a victim who is a minor or another dangerous sexual offense. Utilizing actuarial assessments and parole field notes, as allowed by O.C.G.A 42-1-, SORB places sexual offenders into one of three risk assessment categories to denote their recidivism risk. The assessment categories are: Level 1, Level 2, or Sexually Dangerous Predator, as described below.

Level 1	Low recidivism risk for future sexual offenses.
Level 2	Intermediate risk for future sexual offenses.
Sexually Dangerous Predator	At risk of perpetrating any future dangerous sexual offense as defined by law.

Appointed by the Governor, SORB is required to have a minimum of six voluntary members. Three of these members shall be licensed professionals and knowledgeable in the field of the behavior and treatment of sexual offenders. One member must be from a victim's rights advocacy group or agency, and two members must come from law enforcement, either employed as a certified peace officer or retired from such employment.

SORB convenes once a month to determine a sexual offender's classification, and those offenders are notified by first class mail of their classification. If determined to be a Level 2 or Sexually Dangerous Predator, a sexual offender may petition SORB within 30 days from the date of their notification letter to reevaluate their classification. The final risk assessment classification is sent to GBI, the Department of Corrections (DOC), the sheriff of the county where the sexual offender resides, and the sentencing court, if applicable. HB 571, enacted in 2010, gives sexual offenders that present the lowest risk of committing a future sexual offense the opportunity to be removed from the state's registry of sexual offenders once ten years have elapsed.

SORB receives cases from GBI, DOC, Pardons and Paroles, federal probation referrals, the clerk of court, and through court petition. Collectively, the average caseload is 200 to 250 sexual offender classification cases a month. The workload is allocated to one part-time and three full-time clinical evaluators on staff; the board was budgeted for four full-time equivalent clinical evaluators. On average, each evaluator reviews 50 to 60 cases each month. The purpose of this review is to ensure that this program is functioning efficiently and effectively.

Results and Recommendations

Establish new performance measures

SORB currently has three performance measure to depict their productivity and efficiency. The board should establish additional performance measures to track the workload and efficiencies related to each of the program's key activities and then annually report updates to OPB. The new performance measures are the following: average number of classification letters sent out, percentage of cases in backlog per year, average amount of cases received per month, and the average amount of cases voted on per board meeting per year.

Reconcile the position count

The number of full-time employees submitted as a part of their budget does not reflect the actual number of employees in this program. SORB should submit a budget amendment to realign positions to reflect the actual number.

Database inefficiency

Currently, SORB is using a Microsoft Office Access database to update the status of cases for staff and county sheriffs who monitor sexual offenders. However, due to a system fault and inaccurate information being provided, SORB is purchasing a database that is expected to bring more efficiency and accuracy to classifying and monitoring sexual offenders. The new database will be accessible from any location, provide real time updates on the status of cases, assist in running useful reports, and allow for GBI to provide supporting documents more easily. OPB agrees with SORB's actions to change their database.

Department of Behavioral Health and Developmental Disabilities
 ZBB Program: Sexual Offender Review Board

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Case Management	Classifies and notifies sexual offenders, local sheriff departments, Georgia Bureau of Investigation, Department of Corrections, Pardons and Paroles, Federal Probation, Clerk of Court, and sentencing court, if applicable, of the determined risk level.	OCGA 42-1-13	4.0	\$312,034	\$312,034
Risk Assessment	Use assessment factors to determine the risk and classification of all sexual offenders and makes recommendation to the Board for review and consideration.	OCGA 42-1-14	5.0	390,043	390,043
Board Review	Reviews case assessments and approves or denies staff recommended classifications of sexual offenders to determine, by quorum vote, a final level of classification during a monthly meeting.	OCGA 42-1-13 OCGA 42-1-14		78,010	78,010
Total			9.0	\$780,087	\$780,087

* (Listed in priority order as determined by Agency)

Note: Staff responsibilities overlap among the key activities.

Department of Behavioral Health & Developmental Disabilities
 ZBB Program: Sexual Offender Review Board

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$577,816	\$558,331	\$644,587
Regular Operating Expenses	22,040	36,441	31,500
IT Expenditures	325	61,642	1,000
Real Estate Rentals	65,139	1,247	72,000
Voice Data Communications Svcs	95	350	26,000
Contractual Services	2,724	4,836	5,000
Total Expenditures	\$668,138	\$662,847	\$780,087
Fund Type			
State General Funds	\$667,717	\$662,847	\$780,087
Other Funds	421		
Total Funds	\$668,138	\$662,847	\$780,087
Positions	7	9	9
Motor Vehicles	0	0	0

Department of Behavioral Health and Developmental Disabilities
 ZBB Program: Sexual Offender Review Board

Performance Measures

Agency Purpose:

Protecting Georgia's children and communities at large by identifying convicted sexual offenders that present the greatest risk of sexually reoffending. It is the Board's responsibility to determine the likelihood that a sexual offender will engage in another crime against a victim who is a minor, or a dangerous sexual offense. Assessments will be used by the SORB to determine the risk level of the offenders. Offenders will be classified as a Level 1, Level 2, or Sexually Dangerous Predator.

Program Purpose:

The purpose of this appropriation is to protect Georgia's children by identifying convicted sexual offenders that present the greatest risk of sexually reoffending.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of cases completed by each evaluator each month	27	34	28	38
2. Number of sexual offender cases leveled/completed	964	1,287	1,012	1,368
3. Average amount of time it takes to complete each case (in hours)	3.2	3.0	3.5	3.5



FY 2018 Zero-Based Budget Analysis

Department of Community Affairs

ZBB Program: Building Construction

Executive Summary

- The Building Construction program in the Department of Community Affairs (DCA) maintains up-to-date minimum building construction standards for all new structures built in the state; inspects factory-built buildings; reviews proposed enhancements to local government construction codes; and provides professional training to local building inspectors and builders on Georgia's construction codes.
 - The department should collaborate with the Office of the Commissioner of Insurance to determine if consolidating activities related to manufactured housing and buildings would result in increased efficiencies.
 - The department should evaluate whether utilization of a department-owned, shared vehicle would result in savings versus mileage reimbursements for all state travel.
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Program Overview

The Building Construction program in the Department of Community Affairs (DCA) maintains up-to-date minimum building construction standards for all new structures built in the state; inspects factory-built buildings; reviews proposed enhancements to local government construction codes; and provides professional training to local building inspectors and builders on Georgia's construction codes.

The Building Construction program is DCA's second-smallest program, with a budget of \$451,185 for FY 2017. The program receives approximately half of its budget in its annual state appropriation (\$253,362), with the other half coming from Industrial Building Fees (\$224,020). The program has three full-time employees, and approximately 89 percent of the budget is for personal services.

The purpose of this review is to analyze the program's activities and evaluate whether the program is functioning efficiently and effectively.

Construction Codes

The program has three key activities: code maintenance, building code updates, and local government support of building codes. The Uniform Codes Act, codified through chapter 2 of title 8 of the Official Code of Georgia Annotated, identifies twelve "state minimum standard codes." Each code generally consists of a base code (codes or "best practices" promulgated at a national or international level),

which have been adopted by Georgia after incorporating amendments designed to fit the state of Georgia specifically. Eight of these codes are mandatory (applicable to all construction whether or not they are locally enforced), and four are permissive (only applicable if a local government chooses to adopt and enforce one or more of the codes). Examples of mandatory base building codes in Georgia are the International Building Code, International Residential Code for One-and Two-Family Dwellings, and the International Fire Code. Examples of permissive base building codes in Georgia are the International Swimming Pool and Spa Code and the National Green Building Standard.

In addition to the maintenance of Georgia building codes and minimum building code updates, the program also works with local governments in support of its building codes. In order to properly administer and enforce state minimum codes, local governments must adopt reasonable administrative provisions. The provisions must include, for example, inspection and enforcement procedures and provisions for hearings. The program assists local governments with promulgating its administrative provisions so as to ensure compliance with all state minimum building codes.

Factory-Built Buildings

Georgia's Industrialized Buildings program was established and has been expanded to issue building construction standards for factory-built housing, as well as business and commercial buildings that are mass-produced in factories and then transported to building sites for installation. These factory-built building inspections are intended to ensure the safety of the components of these buildings since they cannot be inspected at the site of installation without disassembly, damage, or destruction. These inspections preclude any local regulations that would affect these buildings.

Results and Recommendations

Building Inspections

DCA, empowered to adopt rules regarding the aforementioned structures under authority granted by the Industrialized Buildings Act, requires manufacturers to obtain state approval for their manufacturing systems and quality control procedures. Field inspections of these systems and procedures, and of actual buildings during manufacturing, is accomplished by the use of third-party inspection companies. The third-party inspectors contract with DCA and pay an annual renewal application fee. Insignias are issued for industrial buildings after completion by an approved manufacturer. Because the buildings are produced in designated manufacturing facilities, inspections occur during production by an approved third-party inspector. Each building installed in Georgia must bear such insignia.

Since January 1, 2005, the manufactured housing section of the Office of the Commissioner of Insurance is responsible for performing random inspections on installations of manufactured housing to ensure that manufactured housing production and installation comply with Housing and Urban Development (HUD) regulations. The office also assesses an annual license fee for manufacturers, retailers, and installers of \$300 per year. Additionally, each installer of manufactured housing must purchase a permit from the office for each new or pre-owned manufactured home installed in Georgia at a cost of \$60 per unit installed. Inspections of such installations are performed by inspectors employed by the office and largely supplemented by HUD money.

The Office of the Commissioner of Insurance receives approximately \$760,000 from HUD for these manufactured housing inspections per year, while only expending approximately \$700,000 each year.

Alternatively, the Building Construction program relies on collection of approximately \$300,000 in Industrial Building Fees to support its own activities. DCA should collaborate with the Office of the Commissioner of Insurance to determine if there are any efficiencies that can be gained by consolidating the inspection of manufactured buildings conducted by the Building Construction program, which excludes manufactured housing, and the inspection of manufactured housing conducted by the Office of the Commission of Insurance.

Vehicles

As part of its local government support activity, program staff travels to stakeholder organizations around the state to speak to and update them on Georgia's current construction codes program. Staff also conducts statewide code trainings and workshops. Currently, employees attending these engagements are being reimbursed for mileage using personal vehicles. DCA should consider whether mileage reimbursements are more cost-effective than the state-provided rental car programs or a motor vehicle pool.

Department of Community Affairs
 ZBB Program: Building Construction

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Construction Code Maintenance	Maintains the physical versions (i.e. website; database) of the state-wide construction codes.	OCGA 8-2-21	0.8	\$78,821	\$142,269
State Minimum Building Codes	Updates all state minimum building codes. The Uniform Codes Act consists of base codes (codes or "best practices" promulgated at a national or international level) adopted by Georgia after incorporating amendments designed to conform with contingencies specific to Georgia. Eight of these code bases are mandatory (applicable to all construction whether or not they are locally enforced), and four are permissive (only applicable if a local government chooses to adopt and enforce one or more of the codes).	OCGA 8-2-21	0.8	63,562	109,761
Local Government Support	Supports local governments in development and administration of local building codes. Devotes resources to assisting local governments with promulgating its administrative provisions so as to ensure all state minimum building codes are complied with.	OCGA 8-2-28	0.7	58,921	101,020
Factory Built Building Inspections	Inspects all factory built buildings and oversees private engineers performing systems and quality control field inspections during manufacturing.	OCGA 8-2-112	0.7	52,058	98,135
Total			3.0	\$253,362	\$451,185

* (Listed in priority order as determined by Agency)

Department of Community Affairs
 ZBB Program: Building Construction

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$368,196	\$305,622	\$400,927
Regular Operating Expenses	30,320	27,556	21,583
Motor Vehicle Purchases			
Equipment			
Computer Charges	6,516	2,035	2,610
Real Estate Rentals	21,108	20,769	19,965
Telecommunications	3,377	4,122	3,600
Contracts	1,457	52,532	2,500
Total Expenditures	\$430,974	\$412,636	\$451,185
Fund Type			
State General Funds	\$240,731	\$241,309	\$253,362
Federal Funds	19,982		
Other Funds	170,261	171,327	197,823
Total Funds	\$430,974	\$412,636	\$451,185
Positions	3	3	3
Motor Vehicles	0	0	0

Department of Community Affairs
 ZBB Program: Building Construction

Performance Measures

Agency Purpose:

The Department of Community Affairs operates both federal and state grants that assist local governments and communities through economic development, promoting housing options, and fostering sustainable development. The Department of Community Affairs partners with communities to help create a climate of success for Georgia's families and businesses by promoting and implementing community and economic development, local government assistance, and safe and affordable housing.

Program Purpose:

The purpose of this program is to maintain up-to-date minimum building construction standards for all new structures built in the state; to inspect factory built (modular) buildings to ensure Georgia's minimum construction codes are met; to review proposed enhancements to local government construction codes; and to provide professional training to building inspectors and builders on Georgia's construction codes.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of building code clarifications/technical assistance provided to public and private sector customers per consultant	810	948	1,080	1,134
2. Number of building insignias issued	3,123	3,638	3,541	3,380
3. Number of State Minimum Standard Codes reviewed, amended, and adopted by the State	7	8	9	6



FY 2018 Zero-Based Budget Analysis

Department of Community Affairs

ZBB Program: Payments to OneGeorgia
Authority

Executive Summary

- The Department of Community Affairs (DCA) receives an annual appropriation on behalf of the OneGeorgia Authority (OneGeorgia) to promote and foster economic vitality in rural Georgia by providing grants and loans to qualified applicants for economic development activities.
 - The Economic Development, Growth, and Expansion (EDGE) fund provides financial aid to rural communities competing for businesses with communities outside of the state.
 - The Equity fund provides financial aid for necessary infrastructure to support economic development within a community.
 - OneGeorgia supports activities such as Agricultural Water Metering, the Centers of Innovation, and the Connections to Classrooms.
-

Program Overview

The Department of Community Affairs (DCA) receives an annual appropriation on behalf of the OneGeorgia Authority (OneGeorgia) to promote and foster economic vitality in rural Georgia by providing grants and loans to qualified applicants for economic development activities such as land acquisition, infrastructure development, airport enhancements, business relocation assistance, and entrepreneur support. OneGeorgia is chaired by the Governor. Board members include the Lieutenant Governor, director of the Office of Planning and Budget, and the commissioners of the Department of Community Affairs, Department of Economic Development, and Department of Revenue. The governing board is charged with final approval of all applications recommended by OneGeorgia to receive funding. Authority operations are governed by the executive director, an appointee of the Governor.

The two primary activities of OneGeorgia are the Economic Development, Growth, and Expansion (EDGE) fund and the Equity fund. The EDGE fund serves to aid rural communities competing for business location or expansion with a community from outside of the state, while the Equity Fund provides funds to help build necessary infrastructure for economic development. OneGeorgia, during its review of all applications for EDGE and Equity funding, regularly consults with the departments of Economic Development and Community Affairs for logistical estimates, accurate valuations of investment, and long-term economic benefits to the region for each proposed project.

A key feature of the EDGE and Equity funds is the utilization of funding resources in areas of greater need. To be directly eligible for EDGE or Equity fund assistance, a county must be located outside of a metropolitan area with a population of 50,000 or less and a poverty rate of 10 percent or greater. Counties with a population of less than 500,000 that share a border with a directly eligible rural county are designated as conditionally eligible.

The purpose of this review is to ensure that the program is operating efficiently and effectively.

Results and Recommendations

EDGE Fund

The EDGE fund provides financial assistance to eligible applicants that are being considered as a relocation or expansion site and are competing with another state for location of a project. This fund also requires that such project promote the health, safety, welfare, and economic security of the citizens of the state through the development and/or retention of employment opportunities. Examples of such eligible projects include funds for land acquisition or site development for publicly owned improvements for tourism development, and public infrastructure improvements for pollution control.

Eligible applicants of the EDGE fund include local governments, local government authorities, and development authorities. Grant applications are reviewed based upon, among other criteria, number and types of jobs retained and/or created, total private capital investment, wage levels, and local demographics. OneGeorgia may also require an applicant to recapture some or all of its EDGE fund assistance if the ownership of project assets is transferred to an entity other than the applicant. Recent projects using EDGE funds include the location of a Caterpillar, Inc. assembly facility, and the location of Baxter International Inc.

Equity Fund

The Equity fund serves to provide a program of financial assistance that includes grants, loans, and any other forms of assistance authorized in statute to finance activities that will assist applicants in promoting the health, welfare, safety, and economic security of the citizens of the state through development and retention of employment opportunities in areas of greater need (OCGA 48-7-40). Examples of eligible projects include improvements relating to rail and airports, industrial parks, or sewer infrastructure.

Eligible applicants of the Equity fund include cities, counties, government authorities and multi-county or multi-jurisdictional development authorities. The award limits vary by the number of counties supporting a particular project, and are set at \$200,000 per project for one county, \$300,000 per project for two counties, and \$500,000 per project for three or more counties. Recent projects using Equity funds include: an award of \$200,000 to the Development Authority of Milledgeville-Baldwin County for road improvements in an industrial park currently serving 10 existing businesses that account for over 930 jobs and \$26.5 million in private investment; an award of \$229,500 to the Fannin Development Authority for design and site preparation of a 20,000 square foot facility, creating an estimated 38 new permanent jobs and attracting \$1,063,300 in new private investment.

Indirect Activities

OneGeorgia also provides indirect funding to Georgia initiatives on a one-time or ongoing basis, such as the Agricultural Water Metering, Centers of Innovation, and Connections to Classrooms. This program funding must also be approved by OneGeorgia's board.

The Agricultural Water Metering program, administered by the State Soil and Water Conservation Commission, provides agricultural irrigators with up-to-date technology, guidance, and monitoring that reduces irrigation costs, increases crop production, and safeguard's Georgia's water resources. The Centers of Innovation program, through the Department of Economic Development, partners with Georgia's colleges and universities to foster production of new products and services that integrate industry expertise with university resources to create new technology, employment, and markets in six strategic industries. The Connections to Classrooms initiative has provided grants to local education authorities to ensure classrooms across the state have high-speed broadband access as part of a broader statewide effort to expand this access. The initiative has awarded nearly \$70 million in technology implementation assistance across Georgia.

Department of Community Affairs
 ZBB Program: Payments to OneGeorgia Authority

Key Activities

Activity*	Description	Authority	No. of Positions**	FY 2017 State Funds	FY 2017 Total Budget	
EDGE Fund	Provides grant and loan funding for aid to rural communities competing for business location and/or expansion with a community from outside the state.	OCGA 50-34-1 et seq.		\$10,128,075	\$10,273,596	
Equity Fund	Provides grant and loan funds to help build the necessary infrastructure for economic development.	OCGA 50-34-1 et seq.; 48-7-40		4,393,823	4,393,823	
Indirect Activities	Provides indirect funding to programs such as Agricultural Water Metering, Centers of Innovation, and Connections to Classrooms.			4,313,802	4,313,802	
Administration	Provides oversight of per diem, fees, and contracts to Departmental Administration, State Economic Development, Federal Community and Economic Development, and Regional Services programs.		1	1,164,300	1,164,300	
Total				1	\$20,000,000	\$20,145,521

* (Listed in priority order as determined by Agency)

** (Positions to administer the program are located in a separate program within the agency)

Department of Community Affairs
 ZBB Program: Payments to OneGeorgia Authority

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contracts			
Payments to OneGeorgia Authority	\$75,066,731	\$38,400,000	\$20,145,521
Total Expenditures	\$75,066,731	\$38,400,000	\$20,145,521
Fund Type			
State General Funds	\$75,000,000	\$38,400,000	\$20,000,000
Other Funds	66,731		145,521
Total Funds	\$75,066,731	\$38,400,000	\$20,145,521
Positions	1	1	1
Motor Vehicles	0	0	0

Department of Community Affairs
 ZBB Program: Payments to OneGeorgia Authority

Performance Measures

Agency Purpose:

The Department of Community Affairs operates both federal and state grants that assist local governments and communities through economic development, promoting housing options, and fostering sustainable development. The Department of Community Affairs partners with communities to help create a climate of success for Georgia's families and businesses by promoting and implementing community and economic development, local government assistance, and safe and affordable housing.

Program Purpose:

The purpose of this program is to provide funds for the OneGeorgia Authority.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of jobs created or retained	1,985	2,179	1,557	3,307
2. Total value of grants and loans awarded	\$23,737,150.00	\$13,076,330.00	\$3,734,000.00	\$5,736,685.00
3. Dollar amount of private investment leverage per grant/loan dollar	\$27.00	\$19.00	\$42.00	\$61.00



FY 2018 Zero-Based Budget Analysis

Department of Community Health

ZBB Program: Georgia Board of Dentistry

Executive Summary

- The Georgia Board of Dentistry (the Board) protects public health by licensing qualified applicants as dentists and dental hygienists, regulating the practice of dentistry, investigating complaints, and taking appropriate disciplinary action when warranted.
 - The Board of Dentistry and the Georgia State Board of Pharmacy, which were transferred to the Department of Community Health (DCH) in 2013, should be consolidated into a single fiscal program to account for shared staffing and resources and to achieve budgetary compliance and efficiency.
 - The Board currently utilizes only one department identification code—a unique identifier used to monitor and track expenditures. DCH should develop department identification codes that are unique to the various activities within the program to better track expenditures.
 - The Board has streamlined the complaint investigation process by limiting the number of personnel associated with the process, resulting in a vacated position. DCH should submit an amendment to the BudgetNet system to more accurately reflect the number of filled, full-time, benefit-eligible employees budgeted in the program.
 - Fees are collected by the Board for operations associated with the dental and dental hygienist licensure process. DCH should ensure that fee collections are updated annually into the Office of Planning and Budget's (OPB) User Fee Tracking System (UFTS).
 - The Board should adopt new performance measures to better describe the workload, efficiency, and effectiveness of the program.
-

Program Overview

The Board's mission is to protect public health by regulating and enforcing the standards of practice relating to dentistry, which it accomplishes through the Board's licensure and complaint investigation processes. The 11 member board is comprised of 9 dentists, 1 dental hygienist, and 1 one consumer member, all of whom are appointed by the governor. Committees within the Board oversee specific processes, such as licensure and investigations. The Board is appropriated state general funds and collects fees. Fees for decorative dentistry and dental hygiene licenses, licensure verifications, and

licensee rosters are retained, while other licensure fees, renewal fees, and fines are remitted to the Office of the State Treasurer (OST).

Prior to July 1, 2013, the Board was part of the Professional Licensing Boards program within the office of the Secretary of State. House Bill 132 administratively transferred the Georgia State Board of Pharmacy and the Georgia Board of Dentistry to the Department of Community Health (DCH).

Licensure

To practice dentistry in the state of Georgia, all prospective dentists and dental hygienists must apply through the Board's licensure process. Dental licenses issued in the state of Georgia are inclusive of all dental specialty fields. For example, oral surgeons do not have to apply for specialty licensure. Specialty licenses must only be acquired by dentists or dental hygienists that are practicing in public health settings, teaching at dental or dental hygiene schools accredited by the Commission on Dental Accreditation of the American Dental Association, or serving as volunteer dentists or dental hygienists. Dentists and dental hygienists are licensed by either examination or credentials. Dentists and dental hygienists applying for licensure by examination or credentials must submit passing scores on a series of relevant examinations and other pertinent documentation to receive a license to practice in the state of Georgia. Additionally, dentists and dental hygienists applying for licensure by credentials must also submit proof of active licensure in a recognized American state to practice in the state of Georgia.

The Board also issues permits for anesthesia or conscious sedation. To be permitted to perform anesthesia or conscious sedation, dentists and dental hygienists must be properly trained and evaluated on sedation or anesthesia techniques and must furnish an appropriate operating environment for anesthesia or sedation.

Dental licenses, dental hygiene licenses, and anesthesia or conscious sedation permits must be renewed by December 31 in odd numbered years. Board staff provide application and renewal intake and processing, while the Board's Sedation and Credentials committees review conscious sedation and anesthesia and dental applications, respectively. The Board has given administrative authority to staff for dental hygiene licensure approval. The Board's Sedation Committee approves all anesthesia or conscious sedation permits.

The Board has an internal appeals process for denied dental and dental hygiene applications. These applicants have the ability to appear before the Board to appeal denied licensure applications. See Table 1 for active licenses and license types as of February 29, 2016.

Table 1.

License type	Number of active licenses
Conscious Sedation Permit	263
Dental Faculty	63
Dental Hygiene Faculty	10
Dental Hygienist	6,790
Dentist	5,286
Enteral/Inhalation Conscious Sedation	292
General Anesthesia Permit	357
Public Health	2
Volunteer Dental	3
Temporary Dental Hygienist	1
Total	13,067

Complaint investigation

The Board fulfills its enforcement responsibilities by identifying and sanctioning dental practitioners who practice below the accepted standards of the profession or without the necessary qualifications. Complaints are first identified by the customer of an individual dentist or dental hygienist. Complaints include quality of care, misdiagnosis of condition, unprofessional conduct, patient abandonment, failure to release patient records, insurance fraud, substance abuse, and unlicensed practice. They must be formally submitted to the Board via a complaint form. After the complaint is acknowledged as having been received, the Board's chief investigator compiles the necessary information to send to the Board's Investigative Committee, which may require on-site inspections, patient interviews, dental records, and any other relevant documents.

After the Investigative Committee has in its possession the necessary information to build a case, the committee will meet confidentially to make a recommendation to the Board. Only the Board can determine the outcome of the case. If the complaint is substantiated, the following responses may be issued: a letter of concern, a sanction or public reprimand, fines (issued in increments of \$500 and remitted to OST), a public consent order, a private consent order, probation, suspension, or revocation. Disciplinary actions are sent to the Department of Law, which facilitates the sanctions process and negotiates with the licensee or his or her attorney about matters pertaining to disciplinary action. Sanctioned licensees may appeal their sanction through the relevant portions of the Administrative Procedures Act and Rules and Regulations of the state of Georgia. A sanctioned licensee may also petition for review by the Board and the Superior Court of Fulton County.

During FY 2015, the Board closed 232 cases. Of these cases, 55 were sent to the Department of Law for disciplinary action.

Fees and fines

The Board has authority to establish a fee schedule for all licenses and permits and to levy fines upon sanctioned dental practitioners. Licensure fees, renewal fees, and fines must be remitted to the OST.

The Board remitted \$1,217,854 and \$430,169 to OST in fiscal years 2014 and 2015, respectively. Variability in OST remittances is due to the Board's licensure and renewal processes.

Results and Recommendations

Consolidate the Georgia Board of Dentistry and the Georgia State Board of Pharmacy into a single fiscal program

Prior to July 1, 2013, the Georgia Board of Dentistry was part of the Professional Licensing Boards program within the office of the Secretary of State. The Professional Licensing Boards program protects the public health and welfare by supporting all operations of boards which license professions, such as architects and interior designers, funeral directors and embalmers, and psychologists. HB 132 administratively transferred the Georgia State Board of Pharmacy and the Georgia Board of Dentistry to the Department of Community Health (DCH). While operating within the office of the Secretary of State, the Georgia Board of Dentistry and Georgia State Board of Pharmacy shared certain operations with each other.

Currently, these programs are separate fiscal programs within DCH but share staffing and other resources. For example, positions that are budgeted within the Georgia Board of Dentistry program may perform duties and tasks associated with the Georgia State Board of Pharmacy program and vice versa. However, costs are not properly allocated to the correct fiscal program when this action occurs. These actions are not compliant with program budgeting, which prevents the use and/or transfer of State General Funds in or to programs that these funds are not appropriated.

In order to achieve budgetary compliance and other efficiencies, the Georgia Board of Dentistry should be consolidated with the Georgia State Board of Pharmacy, forming a new program entitled, "Health Licensing Boards." Appropriate subprograms within the new program should also be established. A recognized cost allocation plan should be developed and used to monitor the time employees spend on dentistry and pharmacy activities.

Develop department identification codes (department IDs) to monitor expenditures related to specific activities within the program

Department IDs are used to distinguish and monitor expenditures related to specific activities within a fiscal program. The Board only utilizes a single department ID: 41962- "Georgia Board of Dentistry." The Board should work with budget personnel within DCH to develop department IDs for the program's key activities and fee collections. Department IDs developed for these items will achieve greater fiscal accountability.

Realign authorized position count

The Board is budgeted for 8 positions. The budgeted position count has remained constant for the past several fiscal years (2014-2016). However, the Board has 7 filled positions due to streamlined operations associated with the complaint investigation process. Previously, the complaint investigation process was staffed with three positions: a chief investigator, compliance analyst, and legal officer. The compliance analyst position was vacated and the duties associated with this position have been assumed by both the chief investigator and legal officer. With this change, the complaint investigation process was made more timely and accountable. Through the amendment process, DCH should amend its annual operating

budget (AOB) to more accurately reflect full-time, benefit-eligible employees that are in the Georgia Board of Dentistry program.

Report fee collections to the User Fee Tracking System (UFTS)

The Board collects fees associated with the licensure and renewal process. Fee collections for decorative dentistry and dental hygiene licenses, licensure verifications, and licensee rosters are retained, while licensure fees, renewal fees, and fines are remitted to OST. Regardless of whether fees are retained by the agency or remitted to OST, all fee collections should be updated annually within UFTS so that OPB can upload them onto *open.georgia.gov*.

New performance measures should be added to monitor the program's overall performance

Performance measures are an integral component of the zero-based budgeting (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program but should also be appropriate and relevant to the policy goals of the agency and state as a whole. Through ZBB analysis, new measures were developed and evaluated to supplement existing performance measures.

The following performance measures help capture the Board's complaint investigation process. The Board should ensure new performance measures are updated annually into the BudgetTool system.

- Number of processed complaints
- Percentage of complaints that are substantiated
- Number of days to process new complaints

Department of Community Health
 ZBB Program: Georgia Board of Dentistry

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Dental Licensure	Develops and processes licensure applications for dentists, dental hygienists, and conscious sedation.	OCGA 43-11-7, 43-11-21, 43-11-21.1, 43-11-40, 43-11-41, 43-11-42, 43-11-46, 43-11-52, 43-11-70, 43-11-70.1, 43-11-71, 43-11-71.1, 43-11-72, 43-11-73	2	\$162,896	\$162,896
Complaint Investigation	Investigates patient complaints regarding standard of care, unprofessional conduct, and other violations of the laws or rules of the Board.	OCGA 43-1-19, 43-11-2.1, 43-11-7, 43-11-15, 43-11-47, 43-11-48, 43-11-72	3	272,686	272,686
Customer Service	Provides customer service to applicants, licensees, consumers, and other entities.	OCGA 43-11-7	2	123,581	123,581
Program Support	Supports the 11 member Georgia Board of Dentistry as the board performs core business functions such as board and committee meetings and rule promulgation.	OCGA 43-11-7	1	259,521	259,521
Total			8	\$818,684	\$818,684

* (Listed in priority order as determined by Agency)

Department of Community Health
 ZBB Program: Georgia Board of Dentistry

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$530,292	\$545,669	\$555,418
Regular Operating Expenses	30,494	40,357	72,041
Equipment			3,750
Computer Charges	414		10,000
Real Estate Rentals	5,706	5,848	12,500
Telecommunications	7,579	17,315	8,000
Contractual Services	159,072	144,447	156,975
Total Expenditures	\$733,558	\$753,637	\$818,684
Fund Type			
State General Funds	\$726,058	\$753,637	\$818,684
Other Funds	7,500		
Total Funds	\$733,558	\$753,637	\$818,684
Positions	7	7	8
Motor Vehicles	0	0	0

Department of Community Health
 ZBB Program: Georgia Board of Dentistry

Performance Measures

Agency Purpose:

The Department of Community Health provides access to affordable, quality health care to millions of Georgians, including some of the state's most vulnerable and underserved populations, through effective planning, purchasing, and oversight.

Program Purpose:

The purpose of this program is to protect public health by licensing qualified applicants as dentists and dental hygienists, regulating the practice of dentistry, investigating complaints, and taking appropriate disciplinary action when warranted.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of license renewals processed	41	12,519	26	13,746
2. Number of new applications processed	878	870	769	753
3. Average number of days to process new applications	N/A	21	21	21
4. Average number of days to process renewal applications	N/A	7	7	7
5. Number of licensed professionals regulated	11,975	12,572	12,735	13,691
6. (New) Number of processed complaints				
7. (New) Percentage of complaints that are substantiated				
8. (New) Number of days to process new complaints				



FY 2018 Zero-Based Budget Analysis

Department of Community Health

ZBB Program: Georgia State Board of
Pharmacy

Executive Summary

- The Georgia State Board of Pharmacy (the Board) protects, promotes and preserves the public health, safety and well-being of the citizens of Georgia through the regulation of pharmacists and pharmacies in Georgia.
 - The Georgia State Board of Pharmacy and the Board of Dentistry, which were transferred to the Department of Community Health (DCH) in 2013, should be consolidated into a single fiscal program to account for shared staffing and resources and to achieve budgetary compliance and efficiency.
 - The Board should submit an amendment to realign its budgeted positions with its actual salaried position count.
 - The Board currently utilizes only one department identification code to monitor and track expenditures. The Board should develop department identification codes that are unique to the various activities within the program to better track expenditures.
 - Fees are collected by the Board for operations associated with the licensing of pharmacists and pharmacy facilities. DCH should ensure that fee collections are updated annually into the Office of Planning and Budget's (OPB) User Fee Tracking System (UFTS), given that user fees have not been reported in prior years. In addition, the Board should develop department identification codes for each fee category.
 - The current performance measures for the Board should be altered so that the outcomes can be better verified.
-

Program Overview

The Board of Pharmacy's mission is to protect, promote and preserve the public health, safety and well-being of the citizens of Georgia through the regulation of pharmacists and pharmacies in Georgia. The Board reviews applications; administers examinations; licenses qualified applicants; regulates the practice of licensees throughout the state; reviews complaints; and takes disciplinary action against entities based on information gathered and provided to the Board by a Georgia Drugs and Narcotics (GDNA) agent. There are, as of February 2016, 43,520 actively licensed pharmacists and pharmacies in the State of Georgia.

The Georgia State Board of Pharmacy consists of eight members who are commissioned by the Governor. Seven members must be pharmacists and the remaining member must be a consumer representative. The Board prior to July 1, 2013 carried out its statutory functions under the Professional Licensing Boards Division in the office of the Secretary of State. On July 1, 2013 the Board, along with the Georgia Board of Dentistry, were transferred from the office of the Secretary of State to DCH following the passage of HB 132 by the Georgia General Assembly during its 2013 session. The Board is appropriated state general funds and also retains certain fees paid to the Board for decorative wall certificates, licensure verification, and duplicate license cards. In 2015, the Board was appropriated \$744,573 in state general funds and collected \$8,117,749 in fee payments, of which the Board retained \$17,648 and remitted the rest back to the Office of the State Treasurer (OST). In 2014, the Board collected \$1,217,854 in fee payments, of which the Board retained \$70,752 and remitted the rest back to OST¹.

Pharmacists Licensure

In order to become a certified pharmacist in the state of Georgia, an applicant must comply with the Board's licensure process. The Board offers licenses for pharmacists, pharmacist interns and pharmacist technicians. Nuclear pharmacists are the only category of pharmacists requiring a special license, which allows them to offer radiopharmaceutical services. Furthermore, the Board offers a researcher's permit for individuals and a certification path for registered pharmacists to enter into an agreement with a physician for drug therapy modification. Certified pharmacists must participate in 30 hours or more of continuing education within a two-year period for the biennial renewal of his or her license. While pharmacist licenses are valid for two years, licenses for pharmacist interns are valid for five years, and licenses for pharmacist technicians are valid for two years. To become a licensed pharmacist by examination, the Board requires the individual to meet the following criteria:

- Submit an application form to the Board
- Be at least 18 years old
- Be of good moral character (requires a background check)
- Graduate from a recognized school or college of pharmacy located in the United States
- Complete 1500 hours of pharmacy internship or its equivalent as provided by the Board
- Pass the North American Pharmacist Licensure Examination (NAPLEX)
- Pass a Georgia Practical Examination
- Pass the Multistate Pharmacy Jurisprudence Examination (MPJE)
- Pay all ensuing fees

Pharmacy Facility Licensure

The Board has the authority to license and regulate pharmacies, which ensures the citizens of Georgia that the current operating network of pharmacies are accredited. This assurance promotes positive pharmacist and consumer interactions.

¹ The difference between collected fees in 2014 and 2015 reflects that renewals occur in odd years.

The Board, through its licensure function, requires pharmacy facilities to fulfill such requirements as:

- Submit an application form to the Board
- Have the relevant staffing and ratios: one pharmacist providing direct supervision of three registered pharmacy technicians; or the pharmacist, if one of the pharmacy technicians is certified, may supervise three registered technicians, one pharmacy intern, and one pharmacy extern
- Allow for controlled substances and/or dangerous drugs to be purchased from and/or returned to firms holding a current permit issued by the Board
- Ensure that the facility meets the necessary building and security standards
- Take care that the drugs within the facility are handled and stored correctly
- Pay all ensuing fees

The Board offers licenses for such facilities as prison clinic pharmacies, retail pharmacies and opioid treatment program clinic pharmacies. In order to decrease risk based on the category of pharmacy, the Board has some separate requirements for obtaining a pharmacy facility license for the different types of pharmacies. Once a pharmacy facility is issued a license, they must renew every two years. Renewal of a pharmacy facility license is conditional on several factors, particularly the reports written by a GDNA agent following an on-site inspection. Only a certain amount of time can lapse before another inspection must occur, though it differs based on the pharmacy facility type.

Complaint Investigation

The Board, through their complaint investigations, ensures that actively licensed pharmacists and pharmacies in the state of Georgia are adhering to the protocol dictated by the entities' license. Complaints against pharmacists and pharmacies originate from two sources: consumer filed complaints and complaints originating from a GDNA agent during an on-site inspection. Once a complaint is received, the Cognizant Board Member, who is typically the Board's vice-president, makes the initial determination if further action is required. If the complaint is deemed credible, the director issues a request for an investigation to be carried out by a GDNA agent. After the GDNA agent submits the investigative report to the Board, the Board deliberates on the findings to see if further action is required. This step could result in disciplinary action against the entity in question pending the outcome of a hearing. Disciplinary action could include monetary penalties and the cancelation, suspension, or revocation of the license holder.

The purpose of this review is to assess the Georgia State Board of Pharmacy's statutory responsibilities, purpose, costs to provide services, and outcomes achieved in order to determine the efficiency and effectiveness of the program and its activities.

Results and Recommendations

Consolidation of the Georgia State Board of Pharmacy with the Georgia Board of Dentistry

Prior to transferring to DCH, the Board and the Georgia Board of Dentistry were two subprograms within the same program. However, once both Boards transferred to DCH, they were established as two separate fiscal programs. Positions that are budgeted within the Board perform duties and tasks associated with the Georgia Board of Dentistry and vice versa. However, costs are not properly allocated to the correct fiscal program when this action occurs. These actions are not in compliance with program budgeting.

In order to achieve budgetary compliance, the Georgia State Board of Pharmacy should be consolidated with the Georgia Board of Dentistry, forming a new program entitled, “Health Licensing Boards.” Appropriate subprograms within the new program should also be established. Combining both programs as subprograms under an overarching program would better allow for sharing of staff and resources. A recognized cost allocation plan should be developed and used to monitor the time employees spend separately on dentistry and pharmacy activities. Expenditures and program operations will be evaluated by the Office of Planning and Budget (OPB) to identify potential efficiencies for this program in future fiscal years.

Realigning Budget Positions

The Board currently is budgeted for four positions. However, the Board currently has eight salaried positions. The Board should submit an amendment to realign their budgeted positions to eight to accurately reflect personal service costs.

Develop department identification codes (department IDs) to monitor expenditures related to specific activities within the program

Department IDs are used to distinguish and monitor expenditures related to specific activities within a fiscal program. Currently, the Board only utilizes a single department ID. The Board should work with budget personnel within DCH to develop department IDs for the program’s key activities and fee collections. Department IDs developed for these items will achieve greater fiscal accountability.

User Fee Reporting

Fees are collected by the Board for operations associated with the licensing of pharmacists and pharmacy facilities. DCH should ensure that fee collections are annually updated in the UFTS pursuant to HB 1284. In addition, the Board should create department identification codes for each unique fee it collects to enhance transparency.

Performance Measure Redesign

The Board currently has five performance measures. Two of the performance measures—the average number of days to process new applicants and the average number of days to process renewal applications—are verbally communicated and therefore difficult to validate. Additionally, there is no specific time framework, such as the specific day of the month or the frequency, in which the data points are gathered. The Board should redesign how the data used to calculate these two performance measures is compiled. For example, the Board could possibly use data points which are currently compiled in an electronic system and which would reflect when the application was received and when the decision of granting a renewal or license was issued.

Department of Community Health
 ZBB Program: Georgia State Board of Pharmacy

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Pharmacists Licensure	Develops and processes licensure applications for pharmacists, pharmacy interns, and pharmacy technicians. Administers practical exam.	O.C.G.A. §§26-4-3, 26-4-24, 26-4-26, 26-4-28, 26-4-40, 26-4-41, 26-4-42, 26-4-43, 26-4-44, 26-4-44.1, 26-4-44.2, 26-4-45, 26-4-46, 26-4-47, 26-4-48, 26-4-60, 26-4-80, 43-1-19, 43-1-19.2, 43-1-24, 26-4-41, 43-1-2, 43-1-3	1.05	\$199,359	\$199,359
Pharmacy Facility Licensure	Develops and processes licensure applications for retail, hospital, prison clinic, outpatient clinic, opioid treatment program clinic, nuclear, and mail order pharmacies.	O.C.G.A. §§26-4-3, 26-4-28, 26-4-60, 26-4-110, 26-4-110.1, 26-4-111, 26-4-113, 26-4-114, 26-4-114.1, 26-4-115, 43-1-19, 43-1-19.2, 43-1-24	0.4	76,450	76,450
Complaint Investigation Review	Initiates the investigation of consumer complaints by way of Georgia Drugs and Narcotics Agency (GDNA) regarding standard of care/service, unlicensed practice, unprofessional conduct, and other violations of the laws or rules of the Board. Once the investigation is complete the Board reviews GDNA's findings to issue a final ruling.	O.C.G.A. §§26-4-28, 26-4-28.1, 26-4-40, 26-4-60, 26-4-61, 43-1-19, 43-1-20, 43-1-20.1	0.5	99,659	99,659
Customer Service	Provides customer service to applicants, pharmacists and pharmacy facilities, consumers, and other entities.	O.C.G.A. §§26-4-28, 26-4-28.1, 43-1-2, 43-1-19	0.8	151,537	151,537
Board Administrative Support	Supports the 8 member Georgia State Board of Pharmacy as the board performs core business functions such as board and committee meetings and rule promulgation.	O.C.G.A. §§26-4-24, 26-4-26, 26-4-28, 26-4-28.1, 43-1-2, 43-1-3	1.2	229,414	229,414
Total			4.0	\$756,419	\$756,419

* (Listed in priority order as determined by Agency)

Department of Community Health
 ZBB Program: Georgia State Board of Pharmacy

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$517,303	\$571,640	\$511,669
Regular Operating Expenses	41,649	45,746	61,500
Equipment			3,750
Computer Charges	679	972	11,000
Real Estate Rentals	5,706	5,848	15,500
Telecommunications	5,491	15,909	5,000
Contractual Services	150,238	131,444	148,000
Total Expenditures	\$721,066	\$771,559	\$756,419
Fund Type			
State General Funds	\$695,844	\$750,639	\$756,419
Other Funds	25,222	20,921	
Total Funds	\$721,066	\$771,559	\$756,419
Positions	8	8	8
Motor Vehicles	0	0	0

Department of Community Health
 ZBB Program: Georgia State Board of Pharmacy

Performance Measures

Agency Purpose:

The Department of Community Health provides access to affordable, quality health care to millions of Georgians, including some of the state's most vulnerable and underserved populations, through effective planning, purchasing, and oversight.

Program Purpose:

The purpose of this program is to protect public health by licensing qualified pharmacists and pharmacies, regulating the practice of pharmacy, investigating complaints, and taking appropriate disciplinary actions when warranted.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of licensed professionals regulated	29,392	35,543	40,597	45,711
2. Number of license renewals processed	22,528	6,761	29,533	1,448
3. Number of new applications processed	7,298	7,317	9,505	8,912
4. Average number of days to process new applications	N/A	14	21	14
5. Average number of days to process renewal applications	N/A	7	7	7



FY 2018 Zero-Based Budget Analysis

Department of Community Health

ZBB Program: Low-Income Medicaid

Executive Summary

- Low-Income Medicaid is a joint federal-state comprehensive health care program, administered by the Department of Community Health (DCH), which provides health care coverage to low-income individuals and families.
 - The Georgia Families managed care program within the Low-Income Medicaid program provides benefits to certain individuals with Medicaid and their children, including Stairstep children, who are enrolled in PeachCare for Kids. PeachCare for Kids is Georgia's Children's Health Insurance Program (CHIP), which is a joint federal-state program, though federal funding for PeachCare is set to expire in FY 2017. DCH should have a contingency plan for all Stairstep children if federal funding fails to be renewed for the CHIP program.
 - The Low-Income Medicaid program should develop and publish a new performance measure which captures the financial savings from providing benefits through care management organizations as opposed to fee-for-service.
 - Disproportionate Share Hospital (DSH) payments are set to be reduced, as required by the Patient Protection and Affordable Care Act (PPACA). This reduction in federal funding for uncompensated care will place a financial burden on Georgia's Hospitals. A study committee of state legislators, health care providers, and the commissioner of the Department of Community Health should be convened to develop an alternative method of supporting the financial solvency of Georgia's hospitals in response to a reduction in DSH payments.
-

Program Overview

The Medicaid program came into existence in 1965 through Title XIX of the Social Security Act. Medicaid is a program that provides healthcare access to certain vulnerable populations in the United States. In 1967, Georgia implemented its Medicaid Program.

The Division of Medical Assistance (DMA) at DCH administers Georgia's Medicaid program. Medicaid in Georgia is separated into two distinct programs, based on the demographic characteristics of the beneficiaries in each program: Low-Income Medicaid and Aged, Blind, and Disabled (ABD) Medicaid. Low-Income Medicaid is a comprehensive health care program for low-income individuals living in Georgia access to needed care. ABD Medicaid serves individuals who meet the income requirement in addition to being either 65 years of age or older, legally blind, or completely disabled.

Financing

Low-Income Medicaid is financed through a joint federal-state structure, by which Georgia’s Medicaid program uses state funds to draw down federal matching dollars. The federal match for qualifying Medicaid expenditures is known as the federal medical assistance percentage (FMAP). The FMAP goes up or down based on Georgia’s per capita income relative to U.S. per capita income. The Low-Income Medicaid program had an operating budget of \$4,316,849,891 in fiscal year 2017. The break out of the operating budget is provided below.

Table 1.

Low-Income Medicaid: Operating Budget for Fiscal Year 2017	
State Appropriations	\$1,389,894,790
Federal Funds	\$2,901,209,938
Other Funds	\$25,745,163

Eligibility

To become a beneficiary of the Low-Income Medicaid program, an individual must apply and be approved. Applications are accepted at either a Right from the Start Medicaid (RSM) office, which has 125 locations in the state, or at one of the 159 county DFCS offices.

To be eligible, an individual must meet certain requirements related to:

- Age
- Pregnancy status
- Income and resources
- Citizenship or qualified residency

In FY 2015, approximately 1,320,000 Georgia adults and children were enrolled in the Low-Income Medicaid program. With the exception of RSM¹, individuals receiving health care coverage through the Low-Income Medicaid program must renew on a yearly basis

Care Management Organizations

Low-Income Medicaid benefits are provided to members through Care Management Organizations (CMOs). The first CMO network in Georgia was established in 2006 to manage costs and utilization while improving quality and outcomes. The CMOs accept fixed monthly per member per month capitation payments for services. The monthly capitation rates paid to CMOs cover the cost of a defined set of benefits and services, including CMO network administration and medical management. The components that factor into CMO capitation rates are provided below.

¹ RSM only pays for medical care for pregnant women, including labor and delivery, for up to 60 days after giving birth.

Table 2.

CMO Rate Setting Cost Components/Considerations	
Covered Medical Services Costs	Prospective Changes in Eligibility
Maternity Care/Delivery Costs	Drug Rebates
Neonatal Intensive Care Costs	Third Party Liability
Data Completion Factors	Member Cost Sharing
Utilization Adjustments if Appropriate	Retroactive/Initial Eligibility
Medical Costs/Inflation Trends	11.88% Hospital Provider Fee Add-on Payment
Managed Care Savings/Efficiencies	State Insurance Premium Tax
Prospective Changes in Covered Medical Services (i.e. added benefits)	CMO Network Administration (includes member care management cost)

New members are required to choose a CMO within 30 days of being approved for Low-Income Medicaid; in the event the member does not enroll in a CMO within 30 days, a health plan is assigned to the member based on an algorithm². Until a member is enrolled in a CMO, claims are paid on a fee-for-service basis which is a pay-as-you-go structure. In FY 2015, DCH paid the CMOs approximately \$289 million per month in capitation payments for services delivered to low-income Medicaid members.

Currently, the three CMOs that provide benefits to Low-Income Medicaid members are Amerigroup Community Care, Peach State Health Plan, and WellCare.

Benefits

Low-income Medicaid beneficiaries are enrolled into specific managed care programs that are unique to their Medicaid category. Currently, the specific managed care programs provided in Low-Income Medicaid are Georgia Families 360 (GF 360), which is offered only through Amerigroup Community Care; and Georgia Families (GF), Planning for Healthy Babies (P4HB), and RSM, which are offered through all three CMOs.

GF 360 provides health care coverage for children, youth, and young adults in foster care; children and youth receiving adoption assistance; and select youth involved in the juvenile justice system³ (DJJ). GF provides health care services to adults with Medicaid and their children who are enrolled in PeachCare for Kids. Planning for Healthy Babies (P4HB), which is an 1115 demonstration waiver⁴, provides family planning services to eligible women. RSM provides health care coverage for pregnant women and

²The algorithm used to auto-assign an individual to a CMO plan is as follows: If an immediate family member(s) of the member is already enrolled in one CMO plan, the member will be auto-assigned to that plan; if there are no immediate family members already enrolled and the member has a historical provider relationship with a provider, the member will be auto-assigned to the CMO plan where the provider is contracted; if the member does not have a historical provider relationship with a provider in any CMO plan, or the provider contracts with all plans, the member will be auto-assigned based on an algorithm determined by DCH that may include quality, cost, or other measures.

³ The eligibility requirements for select youth in DJJ are the following: children and youth less than 19 years of age who are eligible for RSM and who are placed in community (non-secure) residential care as a result of their involvement with DJJ.

⁴ 1115 demonstration waivers are approved experimental, pilot, or demonstration projects that promote the objectives of the Medicaid program while remaining budget neutral.

children up to 19 years of age. The details of each specific managed care program are listed in Appendix A.

Disproportionate Share Hospitals

DSH payments are statutorily required payments intended to offset hospitals' uncompensated care costs to improve access for Medicaid and uninsured patients as well as the financial stability of safety-net hospitals. The federal requirements for hospitals to be eligible for DSH payments include:

- Medicaid utilization at least one standard deviation above the mean for hospitals in the state that receive Medicaid payments, or
- Low-income inpatient utilization in excess of 25 percent

States, however, may deem a hospital eligible for DSH payments if they meet the following criteria:

- Have a Medicaid utilization rate of at least 1 percent, and
- At least two obstetricians with staff privileges that treat Medicaid enrollees

The purpose of this review is to assess the Low-Income Medicaid program's statutory responsibilities, purpose, costs to provide services, and outcomes achieved in order to determine the efficiency and effectiveness of the program and its activities.

Results and Recommendation

Study committee for exploring optional funding mechanisms for Stairstep children if federal funding for CHIP ends

The Medicare Access and CHIP Reauthorization Act (MACRA) authorized two years of funding for CHIP at the 23 percentage point enhanced FMAP beginning October 1, 2015, and ending September 30, 2017. The exposure of the Low-Income Medicaid program to the uncertainty of CHIP federal funding is generated by Stairstep children who were moved from PeachCare into the Low-Income Medicaid Program as a result of the PPACA. This loss of the eFMAP will result in the state having to allot a greater share of state funds towards providing services to these children. If the FMAP is repealed in FY 2018, then the Low-Income Medicaid budget would need approximately \$31 million in additional state funds to supplement the loss of federal funds or 100 percent fund the program. Therefore, a study committee of state legislators, child health care providers, and the commissioner of DCH should be convened to develop a plan for alternative funding mechanisms and benefits in response to the elimination of the eFMAP for Stairstep children.

New performance measure creation

The implementation of a CMO network in Georgia originated out of a need to control costs. However, no published outcome measures convey how the shift from an FFS to CMO payment structure in the Low-Income Medicaid program resulted in savings. DCH should create a new performance measure which shows the realized savings brought about by the shift to a capitated payment structure compared to the Low Income Medicaid's previous FFS payment structure.

Study committee for exploring an alternative method of supporting the financial solvency of Georgia's hospitals in response to DSH payment cuts

Hospital DSH payments are set to be reduced as required by the Patient Protection and Affordable Care Act (PPACA) in response to the provision that the amount of uncompensated care being provided by hospitals will be dramatically reduced. However, even with Medicaid and the rules outlined in PPACA, a segment of individuals still fall into an uninsured coverage gap. DSH reductions keep being postponed is a potential indicator that legislators have realized that the decrease in uncompensated care has not been at levels previously estimated. The reductions were originally intended to be implemented in FY 2014 but have been delayed until FY 2018, with funding cuts in the first year equaling \$2 billion and going up to \$8 billion by 2024. This reduction in federal funding will place a financial burden on Georgia's Hospitals due to a lack of reimbursement for uncompensated care. A study committee of state legislators, health care providers, and the commissioner of the Department of Community Health should be convened to develop a plan for alternative financial funding mechanisms for DSH recipient hospitals in response to pending DSH reductions.

Appendix A

- I. GF 360 provides health care coverage for children, youth, and young adults in foster care, children and youth receiving adoption assistance, and select youth involved in the juvenile justice system (DOJ). GF 360 was launched in 2014 and in 2015 had approximately 26,360 members. The goals of GF 360 are:
 - i. Improve access to health care services, particularly for physical and behavioral health services covered by the Medicaid program
 - ii. Increase continuity of care, including when members transition in and out of foster care
 - iii. Enhance health outcomes, providing additional care coordination, and improved physical and behavioral health oversight

There is cost-sharing in GF 360 so members must pay copays that range from 50 cents to \$12.50 which are based on type of service utilized.

- II. GF provides health care services to certain individuals with Medicaid and children enrolled in PeachCare for Kids. The included populations eligible for GF include: PeachCare for Kids, Low-Income Medicaid, RSM, and women with breast or cervical cancer. GF was launched in 2006 and in 2016 had approximately 1,330,000 members. The intent of this program is to:
 - i. Offer care coordination to members
 - ii. Enhance access to health care services
 - iii. Improve the health care status of the member and P4HB inter-pregnancy care participant through its use of assigned primary care providers (PCPs)
 - iv. Expand and strengthen a sense of the member's and P4HB participant's responsibility that leads to more appropriate utilization of health care services

GF members do not have to pay more than they are currently paying for Medicaid co-payments or PeachCare for Kids premiums.

- III. Planning for Healthy Babies (P4HB), which is an 1115 demonstration waiver⁵, provides family planning services to eligible women. This waiver applies only to women ages 18 through 44 and is broken up into two distinct groups: women eligible for family planning services only and women eligible for inter-pregnancy care (IPC) and family planning services. P4HB was launched in 2011 and in 2015 had approximately 12,368 women using the services. The intent of this program is to improve Georgia's very low birth weight (VLBW) and low birth weight (LBW) rates through the coverage of these services⁶:
 - i. Family planning which includes such services as:
 - Family planning initial exam and annual exam
 - Pregnancy tests and pap smears
 - Testing for Sexually Transmitted Diseases (STDs)

⁵ 1115 demonstration waivers are approved experimental, pilot, or demonstration projects that promote the objectives of the Medicaid program while remaining budget neutral.

⁶ Georgia currently ranks 46th in the nation in the number of LBW births. A VLBW baby is defined as a baby born weighing less than 3 pounds, 5 ounces. A LBW baby is defined as a baby born weighing less than 5 pounds, 8 ounces.

- ii. IPC⁷ which includes such services as:
 - Primary care (5 office/outpatient visits per year)
 - Substance abuse treatment
 - Prescription drugs for the treatment of chronic diseases (non-family planning)
- iii. Resource Mother⁸ (care management) which includes such services as:
 - Provision of peer and emotional support needed to meet the health demands of a mother's VLBW baby
 - Support to mothers, including providing them with information on parenting, nutrition and healthy lifestyles
 - Follow-up to make sure the baby receives regular "well-baby" checkups and immunizations

P4HB members do not have to pay any premiums for family planning services. However, P4HB members must pay premiums for IPC.

- IV. RSM provides health care coverage for pregnant women and children up to 19 years of age. In 2015 RSM had approximately 766,323 members, of which 707,871 members were children. The intent of this program is to decrease infant mortality and preventable illnesses through the coverage of these services:
 - i. Doctor visits
 - ii. Prescription drugs
 - iii. Inpatient and outpatient hospital services
 - iv. Health checkups (only offered to children enrolled in RSM)
 - v. Immunizations (only offered to children enrolled in RSM)
 - vi. Dental and vision care (only offered to children enrolled in RSM)

There is cost-sharing in RSM so members must pay copays that range from 50 cents to \$12.50 based on what type of service is utilized.

⁷ Only women who give birth to a baby weighing less than 3 pounds, 5 ounces are eligible for IPC services.

⁸ Women who receive Medicaid and have given birth to a baby weighing less than 3 pounds, 5 ounces are only eligible for Resource Mother services.

Department of Community Health
ZBB Program: Low-Income Medicaid

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Health care coverage for adolescents and for parents or caretakers with child(ren) under 19 years of age	Adolescents: provides for the delivery of health benefits to adolescents age 6 to 18 years old whose families have a household income at or under 133% of the federal poverty line (FPL). Parents or caretakers with child(ren) under 19 years of age: provides for the delivery of health benefits to individuals who are parents or caretakers of child(ren) under 19 years of age and have a household income at or below a percentage of the FPL based on family size.	O.C.G.A. § 49-4-142		\$454,362,691	\$1,411,195,736
Health care coverage for newborns, infants, and children	Newborns: provides for the delivery of health benefits to children born to a mother eligible for and receiving Medicaid at the time of birth for up to 13 months (coverage begins with the month of birth and continues through the month in which the child reaches age one). Infants: provides for the delivery of health benefits to infants age 0 to 11 months old whose families have a household income at or under 205% of the federal poverty line (FPL). Children: provides for the delivery of health benefits to children age 1 to 5 years old whose families have a household income at or under 149% of the federal poverty line (FPL).	O.C.G.A. § 49-4-142		432,322,947	1,342,742,949
Health care coverage for pregnant women and women with breast or cervical cancer	Pregnant: provides for the delivery of health benefits to pregnant women who have a household income at or under 220% of the federal poverty line (FPL). Women with breast or cervical cancer: provides for the delivery of health benefits to women diagnosed with breast or cervical cancer, are under 65 years of age, are uninsured or underinsured, and have a household income at or below 200% of the FPL.	O.C.G.A. § 49-4-142		431,806,615	1,341,139,284
Health care coverage for foster care and adoption assistance (Georgia Families 360)	Provides for the delivery of health benefits to children in foster care, children receiving adoption assistance, and select youth involved in the juvenile justice system.	O.C.G.A. § 49-4-142, O.C.G.A. § 49-5-273		67,395,248	209,321,514
Health care coverage for women at risk of giving birth to a low birth weight baby (Planning for Healthy Babies)	Provides for the delivery of select health benefits (care management, inter-pregnancy care, and family planning) to women at risk of giving birth to a low birth weight baby who have a household income at or below 200% of the FPL.	O.C.G.A. § 49-4-142		3,113,004	9,668,614
Health care coverage for refugees	Provides for the delivery of health benefits to individuals classified as refugees by the United States Citizenship and Immigration Service (USCIS) for the individuals' first 8 months in the United States.	O.C.G.A. § 49-4-142		894,285	2,781,794
Total			0	\$1,389,894,790	\$4,316,849,891

Funded in the Departmental Administration and Program Support Program at DCH

Eligibility and Enrollment	Determines Right from the Start Medicaid (RSM) eligibility by screening applications, performing citizenship, immigration, and identity checks, and verifying reported income.	O.C.G.A. § 49-4-142	200	\$1,493,544	\$5,579,173
Administration and Vendor Oversight	Determine benefits, interface with federal government, conduct periodic procurements for vendors, and oversee and hold vendors accountable for performance.	O.C.G.A. § 49-4-142, O.C.G.A. § 49-4-146.1	45	1,060,342	2,283,014
Total			245	\$2,553,886	\$7,862,187

Funded in the Departmental Administration and Program Support Program at DHS

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Eligibility and Enrollment	Determines eligibility for the program by screening applications, performing citizenship, immigration, and identity checks, and verifying reported income.	O.C.G.A. § 49-4-154, O.C.G.A. § 49-3-6	**	**	**
Total			**	**	**

* (Listed in priority by amount of total budget.)

** (Positions associated with this activity are caseworkers and support staff at district, regional, and county Division of Family and Children Services (DFCS) offices. These positions are not budgeted in the Federal Eligibility Benefits Service program but support FEBS operations. The following are approximate counts for these full-time equivalent (FTE) employees. DFCS eligibility caseworkers and caseworker supervisors: 2,892. DFCS support staff: 240.)

Department of Community Health
 ZBB Program: Low-Income Medicaid

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Grants and Benefits	\$3,220,135,949	\$3,407,854,868	\$3,615,049,032
Hospital Payment to Benefits	742,481,441	739,239,602	701,800,859
Total Expenditures	\$3,962,617,390	\$4,147,094,470	\$4,316,849,891
Fund Type			
State General Funds	\$1,244,734,370	\$1,294,266,748	\$1,389,894,790
Federal Funds	2,701,917,028	2,838,337,536	2,901,209,938
Other Funds	15,965,992	14,490,186	25,745,163
Total Funds	\$3,962,617,390	\$4,147,094,470	\$4,316,849,891
Positions	0	0	0
Motor Vehicles	0	0	0

Department of Community Health
 ZBB Program: Low-Income Medicaid

Performance Measures

Agency Purpose:

The Department of Community Health provides access to affordable, quality health care to millions of Georgians, including some of the state's most vulnerable and underserved populations, through effective planning, purchasing, and oversight.

Program Purpose:

The purpose of this program is to provide healthcare access primarily to low-income individuals.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of low-income Medicaid enrollees	1,117,595	1,149,890	1,315,355	1,364,076
2. Low-income Medicaid members per 1000 Medicaid members	707	709	731	734
3. Cost per member per month for low-income Medicaid enrollees	\$249.35	\$264.29	\$252.80	\$252.54
4. Number of emergency room visits for selected non-emergent care diagnoses per 1000 members	428	431	438	400
5. Number of Health plan Employer Data and Information Set/National Committee for Quality Assurance quality metrics monitored	46	54	54	
6. Percentage of Health plan Employer Data and Information Set/National Committee for Quality Assurance quality metrics meeting or exceeding the 50th percentile	45.00%	63.60%	56.00%	



FY 2018 Zero-Based Budget Analysis

Department of Corrections

ZBB Program: County Jail Subsidy

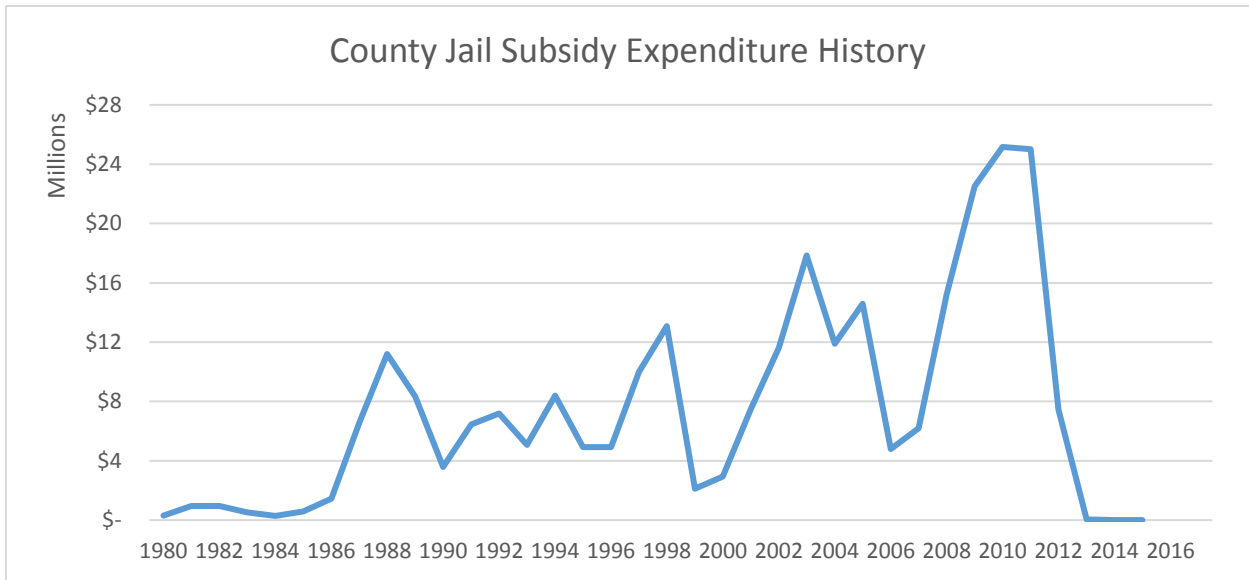
Executive Summary

- The County Jail Subsidy program reimburses counties for the costs of incarcerating state prisoners in their local facilities after 15 days.
- Georgia Department of Corrections will report new performance measures to better demonstrate demand for county jail subsidy funds.

Program Overview

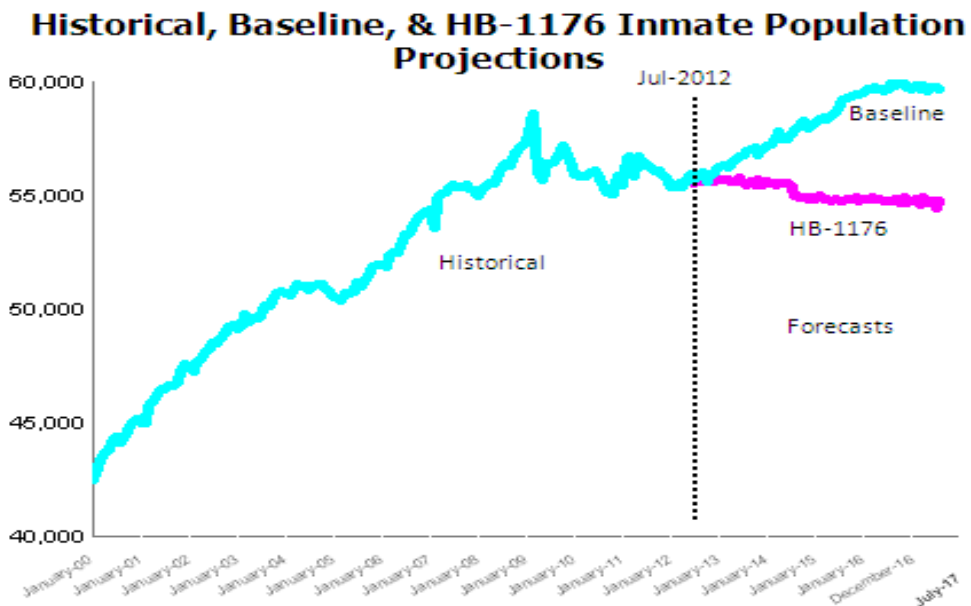
The purpose of the County Jail Subsidy program is to reimburse counties for the costs of incarcerating state prisoners in their local facilities after sentencing. Court clerks are responsible for forwarding an accurate and complete sentencing packet to Georgia Department of Corrections (GDC). O.C.G.A. 42-5-51c establishes the rule that the department has 15 days upon reception of appropriate documentation to take custody of an offender by transferring them to their place of confinement. Past 15 days, the department must reimburse the county for the cost of incarcerating the offender in their local jail at a rate of no less than \$7.50 per day per inmate and in such an amount as may be appropriated for this purpose by the General Assembly. The County Jail Subsidy fee has historically been changed through the appropriations process as outlined in the table below and currently stands at \$30 per day.

Document	Effective Date	Subsidy Rate
<i>HB 243 (1979)</i>	<i>July 1979</i>	<i>\$5.00</i>
<i>HB 1337 (1982)</i>	<i>January 1983</i>	<i>\$7.50</i>
<i>Appropriation Act 1987</i>	<i>September 1986</i>	<i>\$8.50</i>
<i>Appropriation Act 1988</i>	<i>July 1987</i>	<i>\$10.00</i>
<i>Appropriation Act 1988</i>	<i>August 1987</i>	<i>\$15.00</i>
<i>Appropriation Act 1997</i>	<i>July 1996</i>	<i>\$20.00</i>
<i>Appropriation Act 2008</i>	<i>July 2007</i>	<i>\$25.00</i>
<i>Appropriation Act 2015-Present</i>	<i>July 2014</i>	<i>\$30.00</i>



The program’s expenditures peaked in fiscal year 2011 with \$25,162,434 spent across all fund sources. Program expenditures are directly linked to the department’s prison backlog, defined as the difference in the number of GDC admissions and the number of GDC commitments. As the prison backlog increases, more offenders remain in county jails past 15 days, and GDC will pay the daily rate until offenders are admitted to state prison.

Current expenditures are at an all-time low, reflecting the overall elimination of prison backlog and declining prison population attributed to criminal justice reform efforts. As outlined in the figure below, Georgia’s prison population has fallen from approximately 56,000 in 2011 to 52,000 in 2016, which is lower than either of the projections shown in the model below.



New performance measures should be added to monitor the program's overall performance

Performance measures are an integral component of the zero-based budgeting (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program but should also be appropriate and relevant to the policy goals of the agency and state as a whole. Through ZBB analysis, new measures were developed and evaluated to supplement existing performance measures.

Performance measures should be updated annually into the BudgetTool System. The following changes to performance measures more effectively serve as indicators for this budgetary program and shift workload measures to the appropriate program at GDC:

- Add average state prison physical occupancy rate
- Add average number of days in county jail
- Add number of inmates in county jails pre-adjudication
- Move number of prisoner sentencing packets processed to GDC's Offender Management program

Georgia Department of Corrections
 ZBB Program: County Jail Subsidy

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
County Jail Subsidy Payments	Reimburses counties for housing state prisoners beyond 15 days after reception of a complete and accurate sentencing packet by the agency.	OCGA 42-5-51	**	\$5,000	\$5,000
Total			0	\$5,000	\$5,000

* (Listed in priority order as determined by Agency)

**Positions to administer the program are located in a separate program within the agency.

Georgia Department of Corrections
 ZBB Program: County Jail Subsidy

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services			
Regular Operating Expenses	\$7,722	\$660	\$5,000
Contractual Services			
Total Expenditures	\$7,722	\$660	\$5,000
Fund Type			
State General Funds	\$7,722	\$660	\$5,000
Total Funds	\$7,722	\$660	\$5,000
Positions	0	0	0
Motor Vehicles	0	0	0

Georgia Department of Corrections
 ZBB Program: County Jail Subsidy

Performance Measures

Agency Purpose:

The Georgia Department of Corrections creates a safer Georgia by operating safe and secure facilities while offering opportunity for positive change through effective programming, education, and healthcare.

Program Purpose:

The purpose of this appropriation is to reimburse counties for the costs of incarcerating state prisoners in their local facilities after sentencing.

Performance Measures

	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Average number of days spent in county jail	16	5	6	8
2. Average Physical Occupancy Rate (New)	91.03%	89.77%	89.46%	92.14%
3. Average number of inmates in county jails pre-adjudication (New)	22,999	23,749	23,056	23,692



FY 2018 Zero-Based Budget Analysis

Department of Corrections

ZBB Program: Detention Centers

Executive Summary

- The Detention Centers program provides housing, academic education, vocational training, work details, counseling, and substance abuse treatment for detainees who require more security or supervision than provided by regular community supervision.
 - To accurately reflect the expenditures of the Turner RSAT facility in the appropriate program, \$2,875,750 and 43 positions should be transferred from the State Prisons program to the Detention Centers program.
 - Detention Centers should provide enhanced educational programming to meet population need.
 - The program purpose statements of the Detention Centers program and State Prisons program should be updated to accurately reflect the activities of the programs.
 - The Georgia Department of Corrections (GDC) will report new performance measures to better demonstrate workload and efficiencies of the program.
-

Program Overview

Detention centers were created as an alternative to incarceration for parole and probation revocations and other low-risk offenders being sentenced. Less security is required, and each offender takes part in an unpaid government work program. Detention centers serve the geographic location in which the offender is located; however, a probationer may be sent to a detention center outside of his or her local region for exceptions such as security threats.

As established in O.C.G.A. 42-8-35.4, the Detention Centers program provides housing, academic education, vocational training, work details, counseling, and substance abuse treatment for detainees who require more security or supervision than provided by regular community supervision. The program operates seven detention centers, three Residential Substance Abuse Treatment (RSAT) detention centers, and one parole revocation center. A sentence to a Detention Center must be 180 days or less with the average stay being approximately 90 days. Additionally, diversion centers (i.e. RSAT detention centers) provide an alternative sentencing option for detainees that includes substance abuse treatment programming. Individuals sentenced to an RSAT detention center must complete the nine-month RSAT program as a condition of their sentence.

The seven detention centers are spread throughout the state and have a total physical capacity of 1,892 beds. The Bacon Detention Center is the smallest facility with 232 beds, and Emanuel Detention Center is the largest facility with 369 beds. The cost per detainee per day at a Detention Center is approximately \$43, compared to roughly \$56 a day to house an offender in state prison. The difference in cost can be attributed to the difference in level of security. Over the past five years, population capacity has ranged between 82 and 95 percent, with the current population in 2016 standing at 1,492 individuals in detention centers and 745 individuals in the three RSAT detention centers.

The program budget has experienced steady growth over the past five years. Expenditures of state funds have seen an average growth rate of 2 percent per year; the program's expenditures of other funds grew from \$620,718 in Fiscal Year 2014 to \$2,810,804 in Fiscal Year 2016, a 353% increase. This growth can be explained by two things: offender population growth and the conversion of Paulding Detention Center and Bleckley Detention Center into RSAT Detention Centers that incur additional expenditures for the additional services they provide. The Detention Centers program accounts for an average of 2.5 percent of the agency's entire state appropriation.

In Fiscal Year 2016, the program collected over \$1.1 million in revenue, primarily from work details, which amounts to roughly 40 percent of its federal and other funds. These work details provide an opportunity for detainees to learn work skills and work ethic while supporting department work needs and providing local governments across the state with efficient labor.

Programming varies from site to site, but there are also many similarities between detention centers in terms of programs offered. For example, each facility has a number of behavioral health counselors that serve the entire population of the facility. Educational programming is also available to detainees at each facility. Academic educational programming includes a GED fast track program, adult basic education, and English literacy. Each probationer or parolee undergoes diagnostic testing at intake to determine his or her educational programming needs. The fast track program is currently offered at Johnson State Prison for men and at the Arrendale State Prison for women. Vocational programming at detention centers includes the rescued dog and automotive tech programs at Colwell Detention Center and horticulture at Paulding RSAT Detention Center.

RSAT programming is an evidence-based program to help offenders with substance abuse issues. The program takes nine months to complete in an intensive, highly structured residential therapeutic treatment community comprised of peer groups and counselors. RSAT detainees balance work details with individual and group counseling sessions, as well as other programming and career training opportunities. An average RSAT program costs an additional \$2,313 per probationer or parolee.

Results and Recommendations

Move Turner RSAT into the Detention Center Program

Unlike other RSAT detention centers, which share facility space with state prisons, Turner RSAT Detention Center is a stand-alone RSAT detention center. Currently, its expenses are reflected in the state prisons program. All of the other detention centers and stand-alone RSAT detention centers are in the Detention Centers program. GDC should transfer \$2,875,750 and 43 positions from the State Prisons

program to the Detention Centers program to accurately reflect the expenditures of the Turner RSAT facility in the appropriate program.

Educational Programming

In recent years, GDC has offered increasing educational programming across all correctional facilities in order to reduce recidivism and promote successful offender reentry into the community. Approximately 50 percent of probationers and parolees who serve time at detention centers have educational needs that could be served through Adult Basic Education (ABE) or a GED program. The agency should enhance educational programming at the seven detention centers in the state to meet these needs by providing new teachers, GED instructional materials, and instructional technology for each facility to utilize for the population identified in the offender needs assessment process.

Program Purpose Statement

The program purpose statement does not accurately reflect the full range of sentencing options and programming provided in the program. Individuals are sent to detention centers as a result of probation revocation, parole revocation, and through direct sentencing. Therefore, the program purpose statement should be changed to read as follows: “The purpose of this appropriation is to provide housing, academic education, vocational training, work details, counseling, and substance abuse treatment for probationers, *parolees*, and *detainees at Diversion Centers (RSAT)* who require more security or supervision than provided by regular community supervision.”

Additionally, the State Prisons program purpose statement should be updated to accurately reflect detainees who are served in RSATs that are located within state prisons with the addition of “or individuals detained within an RSAT Detention Center located on prison grounds.”

New performance measures should be added to monitor the program’s overall performance

Performance measures are an integral component of the zero-based budgeting (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program but should also be appropriate and relevant to the policy goals of the agency and state as a whole. Through ZBB analysis, new measures were developed and evaluated to supplement existing performance measures.

Performance measures should be updated annually into the BudgetTool System. The following new performance measures will help track Detention Center’s operation:

- Number of parole revocations sent to a detention center
- Number of probation revocations sent to a detention center
- Number of detainees sentenced to diversion centers (RSAT)
- Total number of individual detainees sent to a detention center
- Average length of stay at a detention center

Georgia Department of Corrections
 ZBB Program: Detention Centers

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Security Operation	Provide security, detainee supervision, work detail supervision, detainee transport. The vast majority of expenditures covers the personal services cost of the 400 plus correctional officers employed at Detention Centers.	OCGA 42-8-35.4	451	\$ 24,689,445	\$ 25,139,445
Administration and Support	Provide administrative services and resources to run the facility and programs as a whole. Food service, physical plant maintenance, commissary services, purchasing, warehousing, property control - provided at each location.	OCGA 42-8-35.4	83	10,577,258	10,577,258
Risk Reduction	Provide counseling services and programming to detainees in an attempt to reduce recidivism. Expenditures reflect the 20 on staff Behavioral Counselors, contracts with part and full time teachers, RSAT programming, and contracts with Technical College System of Georgia.	OCGA 42-8-35.4	20	3,074,388	3,074,388
Total			534	\$35,266,703	\$35,716,703

* (Listed in priority order as determined by Agency)

Georgia Department of Corrections
 ZBB Program: Detention Centers

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$26,407,082	\$26,658,445	\$32,021,854
Regular Operating Expenses	3,162,470	3,270,875	4,060,406
Motor Vehicle Purchases	13,783		
Equipment	125,145	460,199	22,691
Computer Charges	88,383	264,114	98,843
Telecommunications	761,439	736,000	864,181
Capital Outlay	334,331	432,815	
Contractual Services	68,398	971,366	1,507,064
Grants and Benefits	17,580	25,338	16,052
Central Repair Fund	251,293	221,981	200,000
Total Expenditures	\$31,229,903	\$33,041,133	\$38,791,091
Fund Type			
State General Funds	\$29,671,179	\$30,230,329	\$38,341,091
Other Funds	1,558,723	2,810,804	450,000
Total Funds	\$31,229,903	\$33,041,133	\$38,791,091
Positions	554	554	636
Motor Vehicles	91	71	84

Georgia Department of Corrections
 ZBB Program: Detention Centers

Performance Measures

Agency Purpose:

The Georgia Department of Corrections creates a safer Georgia by operating safe and secure facilities while offering opportunity for positive change through effective programming, education, and healthcare.

Program Purpose:

The purpose of this appropriation is to provide housing, academic education, vocational training, work details, counseling, and substance abuse treatment for probationers, parolees, and detainees at Diversion Centers (RSAT) who require more security or supervision than provided by regular community supervision.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Three-year felony reconviction rate	26.8%	25.3%	24.6%	27.1%
2. Number of GED diplomas received while in a detention center*	143	95	23	63
3. Number of Parole Revocations sentenced to a Detention Center (New)	209	321	428	428
4. Number of Probation Revocations sentenced to a Detention Center (New)	1,781	1,871	2,148	1,885
5. Number of Detainees sentenced to Diversion Centers (RSAT) (New)	2,910	3,109	2,679	3,495
6. Total Number of individual detainees sent to a Detention Center (New)	6,659	6,972	7,189	6,724
7. Average length of stay at a Detention Center in days (New)	107	91	89	84

*Maximum sentence for detention centers decreased from 270 to 180 days by HB 1176 (2012) and new GED test implementation in 2014 may explain the sharp decline.



FY 2018 Zero-Based Budget Analysis

Department of Corrections

ZBB Program: Offender Management

Executive Summary

- Georgia Department of Corrections' (GDC) Offender Management program is responsible for all aspects of an inmate's incarceration from intake to release, including initial intake of inmates into state custody, sentence administration, facility assignments, and release clearance.
 - Offender sentencing packets should be rerouted through GDC's Scribe database to achieve operational efficiencies.
 - The program will report new performance measures to better describe the workload, efficiency, and effectiveness of the program.
-

Program Overview

Georgia Department of Corrections (GDC) is the fourth largest state prison system in the United States with approximately 53,000 inmates and detainees. GDC has 90 facilities statewide, including 33 state prisons, 13 transitional centers, four private prisons, 23 county prisons, one probation boot camp, one parole revocation center, seven detention centers, and eight residential substance abuse treatment centers. The purpose of the Offender Management program is to coordinate the physical movement and housing of all Georgia offenders that have been sentenced by the courts to serve time in the custody of Georgia's prison system as set forth in O.C.G.A Title 42.

The program currently has 61 positions. It is primarily state-funded, and the program's budget represents approximately 4 percent of the overall agency budget. The majority of the program's budget funds county prison subsidies (84 percent). The program processed 18,427 admissions into and 18,136 releases from GDC custody in fiscal year 2016. The program has four core responsibilities: offender intake; inmate classification and transport; inmate records; and releases and agreements.

Offender Intake

In order to schedule the transfer of offenders sentenced to GDC custody, counties must provide GDC with the required commitment documents which include judgments and sentences. The offender processing unit is responsible for the initial processing of all court paperwork for felony offenders sentenced to serve time in GDC custody. This unit is responsible for ensuring the charging documents are complete and accurate and that sentences are calculated correctly. The offender processing unit is the largest unit in terms of number of staff, with 19 employees. The unit processes approximately 1,600 to 2,500 inmate assignments per month.

Inmate Classification and Transport

Once the intake documents and sentence computations are validated, offenders are placed on the county jail waiting list. The jail pickup unit then schedules the transport of offenders from Georgia's 144 county jails to one of two state diagnostic facilities. The unit monitors the county jail subsidy status to ensure offenders are not held in county jails for more than 15 days to avoid paying the county jail subsidy. The center referrals unit schedules the transport of offenders from county jails to detention centers and maintains the waiting list for referrals to detention centers. Offenders are transported by a local officer directly to a detention center or diagnostic facility, or to a GDC regional transportation hub, and then bused to a diagnostic facility. Both units communicate with the detention centers and diagnostic facilities to verify each offender's arrival. Upon entering GDC's custody, offenders take part in admission and orientation. Each offender is assessed for security risk, medical conditions, mental health status, education level, and treatment programs needed. The county jail pickup and center referrals units are comprised of four employees, who schedule transfers from county jails to diagnostic facilities and detention centers for approximately 350 to 400 inmates and detainees per week.

Once inmates have completed the intake assessment period at a diagnostic facility, the inmate classification unit is responsible for the initial classification and housing of all new inmates entering into a facility. The unit screens and assigns inmates to specific facilities based on identified security level, medical requirements, and program needs. The unit also schedules offender movement between facilities, processing approximately 6,000 institutional transfers per month. This number accounts for each transfer, but an inmate with medical needs, for example, may be transferred multiple times in a year. Classifications are adjusted based on the most current information, and an inmate can be transferred for various reasons, such as problematic situations, transfers closer to home for good behavior, transfers to participate in education, vocation or work release programs. In addition, the unit is responsible for population management to ensure all state and private beds are efficiently managed and reflect future housing needs. There are 14 employees in inmate classification, and the unit makes up 70 to 80 percent of the workload of the program. Approximately 1,500 inmate classifications are evaluated by the unit each week.

The court productions unit is responsible for scheduling the transport of inmates to their court appearances. This unit works closely with the inmate classification unit and other law enforcement agencies to ensure the timely, efficient, and safe transport of inmates. Staff in this unit manage approximately 250 court production orders per week.

Inmate Records

The program also maintains the record files of every offender related to their stay in Georgia's prison system. The inmate information unit serves as the primary contact for all inquiries regarding verification and documentation of an offender's incarceration, including medical requests and proof of incarceration. The unit also prepares evidentiary packets on felony prosecution cases, responds to subpoenas, and submits findings through affidavits to the Attorney General's Office. The unit handles approximately 500 documents per week. GDC's Office of Health Services relies on the unit to store and retrieve inmate medical files with approximately 50 requests for medical charts weekly.

Releases and Agreements

Another essential component of the program is the inmate releases unit. This unit is responsible for ensuring an inmate's proper release from incarceration. The inmate releases unit screens and processes discharge paperwork for all inmates who have expiring sentences, sentence commutations, and medical reprieves initiated by the State Board of Pardons and Paroles (Parole Board). The unit also notifies law enforcement and other agencies of scheduled release dates for inmates with detainees. The unit is comprised of eight positions and processes discharge paperwork for approximately 175 inmates per week with expiring sentences, commutations and medical releases.

The program is responsible for interstate and intrastate detainer agreements when notice is received from law enforcement agencies advising GDC that charges are pending against inmates in other jurisdictions. The agreements unit processes notifications and documents needed for an offender to appear in a court outside of the state and also schedules all out-of-state transfers. The unit also processes requests to remove detainees by the Parole Board. Additionally, the unit processes escape notifications and prepares warrants in the event of an inmate escape, while also generating the mass release notification list for all illegal aliens being held in GDC custody. The unit handles approximately 50 detainees each week.

In addition to these core duties, GDC has entered into interagency agreements with 23 counties in Georgia to lease beds in county prisons to house state offenders. The county prisons have assisted GDC in managing the jail backlog by providing additional bed space while GDC's offenders provide a major source of general and skilled labor to the local communities. County prisons make up the largest activity of the program in terms of budget and expenditures. State appropriations for county prison subsidies increased from \$4.6 million in 1980 to its peak at \$37.7 million in years 2004 through 2006. State funds for county prison subsidies were reduced during the recession and have remained constant at \$35.9 million since 2010. In FY 2017, an additional \$1.3 million was appropriated to the county prison subsidy budget as an incentive for county prisons to offer educational and vocational programming to inmates for a total budget of \$37.3 million.

Results and Recommendations

Reroute Transmission of Sentence Packets

GDC's Scribe database is the statewide correctional repository and information system. Scribe houses all correspondence related to an offender's stay in Georgia's correctional system, including demographic information, medical care and treatment, security classification, programming, bed assignments, movement of inmates, inmate account activity, and release data. The offender processing unit uses Scribe to accept valid sentence packets from Georgia courts in order to admit offenders into GDC custody. The courts currently upload all sentence information electronically to Scribe in PDF format. However, Scribe does not have the capability to pull the data from the PDF document. Once clerks in the offender processing unit validate each sentence packet, they have to re-key the sentence information from the PDF documents into Scribe. This process creates both redundancy and opportunity for error.

To ensure efficiency and data integrity in GDC's Scribe system, the department should reroute the transmission of sentencing information from the courts through Georgia Crime Information Center's (GCIC) Computerized Criminal History (CCH) database. CCH is a repository of arrest data, prosecutorial actions, court dispositions, and probation events. The database collects, stores, maintains, and disseminates criminal history record information. The courts currently enter criminal history data directly into the CCH database allowing for real-time updates, in addition to scanning a PDF sentence packet to GDC through Scribe. In order to reroute these submissions through CCH, data fields would need to be added to the system. Courts would then only need to enter the information required for a complete and accurate sentence packet directly into the CCH database instead of uploading PDF documents into the Scribe system. The information could then be queried and shared with Scribe in real-time upon entries from the courts.

A streamlined process, transmitting to Scribe through the CCH database, would promote efficiency and assist local jurisdictions in keeping the data in the CCH system accurate and up-to-date based on official court records. It will remove any duplicative efforts and inconsistencies, allowing the courts to enter the information through one application by adding data fields to the CCH database. The department, in partnership with GCIC, should seek a statutory change to give GCIC the authority to collect the additional variables that are required for a complete sentencing packet through the CCH database.

Performance Measures

Performance measures are an integral component of the zero-based budgeting (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program but should also be appropriate and relevant to the policy goals of the agency and state as a whole. Through ZBB analysis, new measures were developed and evaluated to supplement existing performance measures.

The following new performance measures will help track GDC's Offender Management operations. Performance measures are annually updated into the BudgetTool System.

- Average number of days to process offenders into GDC custody from county jails
- Number of inmate transfers
- Number of inmates in GDC custody who have detainers before released
- Number of records requests processed
- Total expenditures for county prison subsidy

In addition, the department should remove occupancy rate as a performance measure as it is not a representative efficiency measure. The department should also shift the performance measure for number of prisoner sentencing packets processed from the County Jail Subsidy program to the Offender Management program, as it is a workload measure of Offender Management.

Department of Corrections
 ZBB Program: Offender Management

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Offender Processing	Accepts and processes all felony prison-bound offenders committed to the Georgia Department of Corrections; Receives electronically all court sentence dockets and amended orders on offenders who are sentenced to serve prison time in Georgia; Reviews and processes sentence computation grievances, parole revocations, conduct release reviews, and corresponds directly with judges, attorney's and various outside law enforcement agencies on a daily basis; Conducts splits and merges on active offender numbers.	O.C.G.A 42-5-50	19.0	\$1,043,233	\$1,043,233
County Jail Pickup & Center Referrals	Schedules all offenders to be transferred from county jails to the state diagnostic facilities or alternative centers; Controls the average number of days held in county jail facilities; Monitors and verifies each inmate's arrival; Monitors the county jail subsidy status; Schedules referrals for alternative centers.	O.C.G.A 42-5-50; 42-5-51; 42-8-35.4	4.0	247,542	247,542
Inmate Classification	Monitors and controls the bed population; Ensures that all operational beds are being managed properly; Screens and assigns offenders to specific facilities based on security levels and identified program needs.	O.C.G.A 42-5-50; 42-5-51	14.0	912,936	912,936
Court Production, Agreements & Warrants	Adheres to all orders requesting offenders be present for court appearances; Coordinates an offender's movement to scheduled court dates; Processes all interstate/intrastate detainers, habeas hearings and immigration hearings; Schedules all out of state transfers; Generates the Mass Release Notification list for all illegal aliens being held in GDC custody; Processes notifications, initiates warrants and corresponds directly with fugitive agents on all escapees and releases in error.	O.C.G.A 42-11-3; 42-2-8; 42-5-8	9.0	517,133	517,133
Inmate Information	Maintains the record of an offender in the prison system; Serves as primary contact for internal and external customers requesting verification and documentation of an offender's incarceration including medical requests, proof of incarceration and notices to preserve records; Processes subpoenas and carries out any instructions by GDC's Office of Legal Services; Remains in compliance with the HIPAA Laws; Submits findings via affidavits for the Attorney General's office; Serves as a court liaison upon request.	O.C.G.A 42-5-36; 42-5-13; 42-12-2	7.0	1,394,629	1,394,629

Activity *	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Inmate Releases	Screens and processes discharge paperwork for inmates with expiring sentences, commutations and medical/compassionate releases initiated by the State Board of Pardons and Paroles.	O.C.G.A 42-1-11; 42-5-9	8.0	2,121,056	2,151,056
County Correctional Institutions	Processes payments to counties for per diem expenses incurred for state offenders housed in county prisons; GDC has entered into inter-governmental agency agreements with 23 counties in Georgia to lease beds in county prisons to house state offenders; The county prisons have assisted GDC in managing the jail backlog by providing additional bed space while GDC's offenders provide a major source of general and skilled labor to the local communities.	O.C.G.A 42-5-50; 42-5-51	**	37,308,968	37,308,968
Total			61.0	\$43,545,497	\$43,575,497

* Listed in priority order as determined by Agency

** Positions to administer the program are located in a separate program within the agency.

Department of Corrections
 ZBB Program: Offender Management

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$3,272,984	\$3,407,653	\$3,151,498
Regular Operating Expenses	322,199	241,094	82,550
Computer Charges	28,298	73,917	33,750
Telecommunications	319,088	330,747	266,981
Contractual Services	96,963	98,199	1,357,500
Court Costs	1,186,316	1,116,886	1,000,000
County Subsidy	35,990,720	35,662,160	35,983,968
Grants and Benefits	1,652,844	1,743,479	1,699,250
Total Expenditures	\$42,869,412	\$42,674,135	\$43,575,497
Fund Type			
State General Funds	\$42,485,080	\$42,564,424	\$43,545,497
Other Funds	384,332	109,712	30,000
Total Funds	\$42,869,412	\$42,674,135	\$43,575,497
Positions	72	72	63
Motor Vehicles	30	18	18

Department of Corrections
 ZBB Program: Offender Management

Performance Measures

Agency Purpose:

The Georgia Department of Corrections creates a safer Georgia by operating safe and secure facilities while offering opportunity for positive change through effective programming, education, and healthcare.

Program Purpose:

The purpose of this appropriation is to coordinate and operate the following agency-wide support services to ensure public safety: canine units, the County Correctional Institutions program, Correctional Emergency Response Teams, inmate classification, inmate diagnostics, the jail coordination unit, the release and agreements unit, and tactical squads.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of admissions	20,007	18,825	18,371	18,427
2. Number of releases	21,300	20,642	17,838	18,136
3. Number of transfers (New)	59,127	55,149	56,610	56,829
4. Number of sentence packets processed (New)	31,948	31,400	30,633	29,689
5. Number of records requests processed (New)	N/A	N/A	N/A	N/A
6. Number of inmates in GDC custody who have detainers before released (New)	15,835	16,058	15,462	14,881
7. Average number of days to process inmates into GDC custody from county jails (New)	16	5	6	8
8. Total expenditures for County Prison Subsidy (New)	\$ 36,026,310	\$ 35,313,705	\$ 35,990,720	\$ 35,662,160



FY 2018 Zero-Based Budget Analysis

Department of Driver Services

ZBB Program: Customer Service Support

Executive Summary

- The Department of Drivers Services' (DDS) Customer Service Support program provides administrative, financial, legal, human resources, information technology, and facilities management support to the department.
 - DDS should work to amend O.C.G.A. 40-6-189 to transfer the collection of the super speeder fine to the court system.
 - The program name should be changed to Departmental Administration.
 - The department will update the program purpose statement to more accurately reflect its responsibilities.
-

Program Overview

The Department of Drivers Services' (DDS) Customer Service Support program is responsible for the assistance and policy development of the Department of Driver Services. The purpose of the program is to provide administrative support for the License Issuance and Regulatory Compliance programs. The program's primary function is to provide the following services to the department: administrative, financial, public information, legal, business analysis, human resources, facilities, fleet, and information technology. The Customer Service Support program serves the department's 763 employees, maintains 69 facilities, and manages 144 vehicles.

The program's budget consists of 95 percent state general funds and 5 percent other funds. The program's other funds are generated from a Memorandum of Understanding (MOU) with the Georgia Technology Authority (GTA) which allows DDS to charge 27 cents for each motor vehicle report created and shared with GTA, as well as a penny for motor vehicle report updates. Only 25 percent of the funds generated through the MOU are allocated to the Customer Service Support program, while the remaining 75 percent are allocated to the License Issuance program.

Results and Recommendations

Super Speeder Law

Currently O.C.G.A. 40-6-189 classifies individuals convicted of driving faster than 85 miles per hour on Georgia highways, or faster than 75 MPH on two lane roads, as super speeders. Super speeders are required to pay two fines: one fine is established and collected by the county in which the individual was convicted and the second is a \$200 fine collected by DDS. The statute requires DDS to notify “super speeders” of the imposition of the \$200 fine via first class mail within 30 days of receiving the ticket and notice of conviction. If an individual fails to pay the fee within 90 days, DDS is required to mail a second notice informing the individual that his or her license has been suspended. On average DDS mails 78,000 initial notices and 31,000 second notices annually, which costs the department approximately \$50,000 in postage each year. Approximately 25 percent of super speeder fines remain uncollected, which equates to approximately \$3.3 million in uncollected revenue annually. Roughly 50 percent of individuals convicted under the super speeder law are out of state drivers; these individuals have been processed by the court and have paid the local fines and court costs. Assuming that the bulk of uncollected super speeder fines issued by DDS are issued to out of state drivers, super speeder revenue should increase if the fines are collected by the court upon conviction. Legislation would be required to amend the statute to establish a single collection point for super speeder fines, which will reduce administrative burden, reduce the cost of postage, increase efficiency, and increase annual revenue collections.

Update Program Name

The Customer Service Support program is the administrative program of the department. The program name suggests its primary responsibility is to provide customer service for the department’s license issuance program. The call center and help desk that provide customer service to individuals seeking assistance and information related to licensing are part of the License Issuance program. The program name should be changed to Departmental Administration to accurately reflect its responsibilities and to be consistent with other agencies’ administrative programs.

Update Program Purpose Statement

The program’s purpose statement currently reads, “The purpose of this appropriation is for administration of license issuance, motor vehicle registration, and commercial truck compliance.” Motor vehicle registration has been transferred to the Department of Revenue. Commercial truck compliance and motor vehicle registration are responsibilities of the Department of Public Safety and the Department of Revenue, respectively. The program purpose statement should be updated to read, “The purpose of this appropriation is for administrative support of license issuance and regulatory compliance programs” in order to accurately reflect the work of the Department.

Department of Driver Services
 ZBB Program: Customer Service Support

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Executive Leadership	Oversees the agency's strategy, budget, public and legislative affairs and provides organizational leadership.	O.C.G.A. 40-6-2	7	\$973,661	\$973,661
Financial Management	Provides budget, revenue, accounting, and procurement support to the agency; ensures that federal and state requirements are met; reports financial and tax information.	O.C.G.A. 40-6-17	24	2,312,452	2,312,452
Human Resources	Provides both operational and strategic services for recruitment and selection of new hires; processes payroll transactions; oversees benefit administration; provides support and assistance to agency employees.	O.C.G.A. 40-6-2	10	975,245	975,245
Legal Services	Provides legal support to the agency, reduces exposure to litigation, processes all open records and subpoenas, assists with implementation of federal and state laws, and administers laws and regulations with regards to the dissemination of secure data.	O.C.G.A. 40-6-2	6	608,909	608,909
Information Technology	Provides technology support for the agency; maintains agency website; develops customized applications for internal customers; designs and maintains all databases.	O.C.G.A. 40-6-2	4	3,454,733	3,454,733
Facility Support Services	Provides maintenance and security for the agency's 69 buildings, manages fleet, warehouse, inventory, and mail room operations.	O.C.G.A. 40-6-2	3	1,364,439	1,865,296
Total			54	\$9,689,440	\$10,190,297

* (Listed in priority order as determined by Agency)

Department of Driver Services
 ZBB Program: Customer Service Support

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$4,579,878	\$4,711,789	\$4,737,060
Regular Operating Expenses	866,163	823,684	870,313
Motor Vehicle Purchases	36,754	147,992	
Equipment			
Computer Charges	821,217	893,297	854,104
Real Estate Rentals	1,195,495	1,195,495	1,195,496
Telecommunications	2,205,549	2,338,281	2,412,267
Contractual Services	171,942	111,458	121,057
Total Expenditures	\$9,876,999	\$10,221,995	\$10,190,297
Fund Type			
State General Funds	\$9,339,388	\$9,573,147	\$9,689,440
Other Funds	537,611.00	648,848.85	500,857.00
Total Funds	\$9,876,999	\$10,221,995	\$10,190,297
Positions	54	54	54
Motor Vehicles	24	24	24

Department of Driver Services
 ZBB Program: Customer Service Support

Performance Measures

Agency Purpose:

The Georgia Department of Driver Services is responsible for validating customer identity, issuing driver's licenses and identification cards, maintaining customer driving records, promoting safe driving practices, and participating in homeland security initiatives.

Program Purpose:

The purpose of this appropriation is for administration support of license issuance and regulatory compliance programs.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of super speeder citations paid	56,139	72,585	78,575	N/A
2. Percentage of super speeder citations paid	76.80%	74.80%	71.80%	76.30%
3. Super speeder revenue collected	\$ 11,907,712.00	\$ 12,073,816.00	\$ 13,968,210.00	\$ 13,305,587.00
4. Average number of days to process payments	4	6	16	21
5. Percentage of payments made electronically	43.30%	46.70%	50.51%	55.90%
6. Number of audit findings	0	N/A	N/A	0
7. Number of individuals successfully trained through agency education initiatives	N/A	342	1,369	N/A
8. Agency turnover rate (New)	21%	34%	35%	40%



FY 2018 Zero-Based Budget Analysis

Department of Economic Development
ZBB Program: Global Commerce

Executive Summary

- The Global Commerce program in the Department of Economic Development (DEcD) promotes Georgia as a state that is appealing to businesses and competitive in the international trade market. The program also helps develop international markets for Georgia products and attract international companies to the state.
 - The program should absorb the department's Innovation and Technology program, which also markets and promotes strategic industries to existing and potential Georgia businesses.
 - The Regional Economic Business Assistance (REBA) activity operates as a partnership between the Department of Community Affairs and DEcD, and serves as the state's main "deal-closing" fund for attracting large companies to Georgia.
 - The program should establish its Trade activity as a distinct program within the department.
-

Program Overview

The Global Commerce program is the Department of Economic Development's (DEcD) second largest program. It serves to market and promote Georgia as a state that is appealing to both domestic and international businesses and competitive in the international trade market. The program receives \$11,264,286 in state funds, constituting approximately 81 percent of the program's budget, which helps to fund its four key activities. These activities are Business Recruitment, Business Expansion, Trade, and Centers of Innovation. The program receives the remaining 19 percent of its budget from the OneGeorgia Authority to fund the Centers of Innovation. The program employs approximately 60 full-time benefit eligible employees and utilizes approximately 47 percent of its budget in personal services. The remainder of the program's budget is spent in contractual services, marketing, and intergovernmental contracts.

The purpose of this review is to assess the feasibility and potential efficiencies of program re-structuring and to examine the Regional Economic Business Assistance (REBA) activity.

Results and Recommendations

Regional Economic Business Assistance

REBA is used to fund fixed-asset needs of a company including infrastructure, real estate acquisition, construction, or machinery and equipment. Only local development authorities can apply for REBA, and the application requires support from a state agency (typically DEcD). REBA awards cannot exceed \$750,000 per project, unless the limit is waived by the recommending agency and approved by DCA.

To ensure effective use of state funds, REBA grants typically require the local development authority to execute claw-back agreements with the recipient business. Generally, as part of the application process, a hopeful business will pledge a projected amount of job creation and private capital investment as a result of the project. If this level of job creation, private investment, or any combination of agreed upon factors is not met, grant money must be paid back on a prorated basis.

Recent successes of the REBA program include funding the relocation of the Mercedes-Benz USA, LLC headquarters, with an accompanying commitment by the company to create 800 new jobs and invest at least \$74 million within 24 months; and, funding to assist in the location of a General Motors IT facility in Roswell, which is expected to create 1,000 new jobs from an investment of approximately \$27,000,000 in project costs.

Program Consolidation

The Business Recruitment and Business Expansion activities utilize shared personnel and marketing funding to attract, retain, and expand both targeted and general industries within Georgia. The Centers of Innovation were created and maintained specifically for strategic industry recruitment and retention. These activities each help recruit strategic industries by funding materials for trade shows and professional organization membership dues and fees.

The Innovation and Technology program, another one of DEcD's programs, utilizes approximately \$1 million for marketing and promotion of strategic industries within Georgia. Four marketing professionals use its \$845,000 marketing budget on expenditures such as trade show advertising, magazine and journal advertising, and trade and professional organization memberships. The Innovation and Technology program, like the Global Commerce program, collaborates with the Centers of Innovation to target these same companies.

Marketing and promotion of strategic industries is the singular mission of Innovation and Technology and a significant portion of Global Commerce's mission. To achieve these goals, both programs regularly pay the same vendor for the same or similar services rendered. For example, in FY 2015 and FY 2016 combined, Innovation and Technology paid approximately \$320,000 to a vendor for trade show and other promotional expenses, while Global Commerce paid approximately \$51,000 to the same vendor for the same services. Likewise, in FY 2015, a different vendor was paid \$13,303 and \$12,533 for department promotional expenses by Innovation and Technology and Global Commerce, respectively. The agency determines whether to retain certain services through cost-allocation or by execution of a distinct contract on a case-by-case basis. Regardless, expenditure transparency would be increased by consolidating these programs to ensure a more holistic picture of each initiated contract.

Purpose	Current Global Commerce				Innovation and Technology
	Trade	Business Recruitment	Business Expansion	Centers of Innovation	
Promote Georgia as a site for domestic and international businesses		X			
Assist in-state business expansion			X	X	
Provide wage data, labor availability, and tax information		X	X	X	
Provide Georgia businesses with technical industry expertise			X	X	X
Target identified strategic industries to connect and assist				X	X
Match international purchasers with Georgia suppliers	X				
Assist businesses with global insight and global connections	X				

The department should move the Innovation and Technology program under the Global Commerce program. By doing so, Global Commerce’s marketing efforts targeted at recruitment and retention of strategic industries in Georgia would be streamlined. The same mission would no longer transcend programmatic boundaries, with two different budgets and potential for services to be duplicated with no added value. By bringing Innovation and Technology under Global Commerce, activities geared toward these strategic industries can be better coordinated and executed.

Trade

Through the work of 10 international trade specialists, the Trade activity promotes Georgia suppliers as a source for quality products and services by matching them with international buyers in strategic international markets. Trade is allocated \$2,728,122 of Global Commerce’s FY 2017 budget of \$11,264,286. Trade’s budget is used primarily to research and connect Georgia’s businesses with international markets. Internally, the department currently budgets Trade as a separate program. The activity has a dedicated Trade deputy commissioner who directs all initiatives within the activity, while serving alongside another deputy commissioner who directs all initiatives within Business Recruitment and Expansion.

Trade, leveraging the states international representatives in 11 markets, focuses exclusively on Georgia exporters. Through Trade’s expertise in international markets and its global connections, the activity provides Georgia businesses with consultations and education on exporting, along with industry-specific and country-specific data. Additionally, Trade hosts missions, trade shows, and delegations where Georgia exporters can connect and match needs with international buyers.

Performance measures and other markers of activity success are maintained individually between Trade and Business Recruitment and Expansion. The Business Recruitment and Expansion activity tends to track discernible measures pertinent to Georgia, such as jobs created and amount of new capital investment in the state as a result of its efforts. Furthermore, Business Recruitment and Expansion utilizes large blocks of state money to attract certain businesses through REBA, the value of which can be assessed and tracked through company and development authority pledges. Conversely, Trade

focuses on linking Georgia businesses to international buyers to increase Georgia’s market presence abroad.

Purpose	Recommended Global Commerce				Trade
	Innovation and Technology	Business Recruitment	Business Expansion	Centers of Innovation	
Promote Georgia as a site for domestic and international businesses		X			
Assist in-state business expansion			X	X	
Provide wage data, labor availability, and tax information		X	X	X	
Provide Georgia businesses with technical industry expertise	X		X	X	
Target identified strategic industries to connect and assist	X			X	
Match international purchasers with Georgia suppliers					X
Assist businesses with global insight and global connections					X

Finally, a breakout of Global Commerce and Trade would provide a clearer depiction of how Georgia allocates its resources to its inbound versus outbound economic development efforts. A program-level view of Global Commerce illustrates a budget of approximately \$14 million and 60 total employees. No further clarity is available to show how this sum of money is used to serve businesses conducting business within Georgia versus businesses conducting business outside of Georgia. The proposed realignment would produce a transparent picture of how Georgia works in different ways to nurture business growth within the state and outside of the state.

Department of Economic Development
 ZBB Program: Global Commerce

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Business Recruitment	Promotes Georgia as a location for domestic and international businesses by: providing accurate information on topics such as wages, labor availability, and taxes; accompanying industry officials on tours of communities for prospective industrial development; and supporting local communities' business development programs.		31	\$6,065,166	\$6,065,166
Business Expansion	Assists companies with business expansions to advance the creation of new jobs and investment. Utilizing Agency project managers in 12 regions covering the entire state, Georgia businesses have access to free comprehensive services such as: site selection; new or available business searches; workforce recruiting; utility availability and costs; an existing business contact programs.		15	2,470,994	2,470,994
Trade	Promotes the state as an ideal source for quality products and services by matching international buyers with Georgia suppliers. Assists small and medium-sized businesses with global insight and global connections. Coordinate operations of the 11 international offices which are primarily responsible for business recruitment and export assistance to Georgia companies.		14	2,728,126	2,728,126
Centers of Innovation**	Focuses on six strategic industries. The Centers of Innovation provide Georgia businesses with technical industry expertise, collaborative research, and partnerships to connect these strategic industries and assist them to compete and grow globally. Assist these industry businesses with expertise, market and business opportunity connections, new product development and commercialization, and business, academic, and government partnerships.				
Total			60	\$11,264,286	\$11,264,286

* (Listed in priority order as determined by Agency)

** (Activity funded through Other Funds amended into budget during the fiscal year. This activity employs approximately 19 individuals and receives approximately \$2,771,742 from the OneGeorgia Authority)

Department of Economic Development
 ZBB Program: Global Commerce

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$6,130,239	\$6,399,903	\$6,161,515
Regular Operating Expenses	875,863	839,209	875,870
Motor Vehicle Purchases			
Equipment			
Computer Charges	12,030	48,866	
Real Estate Rentals	396,593	396,593	396,593
Telecommunications	89,413	110,895	110,895
Contractual Services	1,210,572	2,046,422	1,397,582
Marketing	2,148,203	2,103,844	2,321,831
Intergovernmental Contracts	2,229,751	2,086,629	
Total Expenditures	\$13,092,664	\$14,032,361	\$11,264,286
Fund Type			
State General Funds	\$10,302,534	\$11,272,226	\$11,264,286
Federal Funds	18,388		
Other Funds	2,771,742	2,760,135	
Total Funds	\$13,092,664	\$14,032,361	\$11,264,286
Positions	53	55	60
Motor Vehicles	6	6	6

Department of Economic Development
 ZBB Program: Global Commerce

Performance Measures

Agency Purpose:

The Department of Economic Development administers programs that promote and encourage the development of tourism and business in the state.

Program Purpose:

The purpose of this program is to promote Georgia as a state that is appealing to businesses along with being competitive in the international trade market; recruit, retain, and expand businesses in Georgia through a network of statewide and regional project managers, foreign and domestic marketing, and participation in Georgia Allies; and help develop international markets for Georgia products and attract international companies to the state through business and trade missions, foreign advertising, a network of overseas offices and representatives, and by providing international technical and educational assistance to businesses.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of jobs created	28,989	22,511	21,476	22,029
2. Amount of new direct capital investment into the state (in millions)	\$5,850	\$4,924	\$4,080	\$4,170
3. Number of brokered international transactions	413	373	388	389
4. Number of active projects initiated	592	489	372	586
5. Number of companies assisted	1,047	873	724	671
6. Percentage of active projects resulting in retention, relocation, or expansion	28%	26%	35%	58%
7. Number of business requests for information or assistance	967	1,188	983	707



FY 2018 Zero-Based Budget Analysis

Department of Economic Development
ZBB Program: Innovation and Technology

Executive Summary

- The Innovation and Technology program in the Department of Economic Development (DEcD) markets and promotes strategic industries to existing and potential Georgia businesses.
 - The Innovation and Technology program should be collapsed into the agency's Global Commerce program, which provides similar marketing and promotion activities of strategic industries to existing and potential Georgia businesses.
-

Program Overview

Through the use of marketing dollars, the Innovation and Technology program within the Department of Economic Development (DEcD) works with communities, companies, and institutions throughout the state to encourage high technology and biotech companies and industries to locate and grow in Georgia. The program employs five full-time staff and is 100 percent state funded. It utilizes approximately 54 percent of its budget in marketing and 39 percent of its budget in personal services.

The purpose of this review is to assess the feasibility of program consolidation and to determine whether any efficiencies can be gained.

Results and Recommendations

In fiscal year 2013, the program was appropriated its largest budget, \$13,559,184, made up of both State and Tobacco funds. At the time, it housed key strategic industry contracts, including the Distinguished Cancer Clinicians and Scientists, Georgia Center for Oncology Research and Education, Regional Cancer Coalition, and Georgia Research Alliance. In the years following, funding for all of these contracts was removed from the agency's budget, leaving the program with a budget of \$1.5 million in FY 2016.

With a budget of \$1.5 million, Innovation and Technology utilizes \$845,163 in marketing expenses and \$595,642 in personal services expenses to carry out its marketing functions. When taking into account all marketing expenditures, including personal services, the program utilizes more than 93 percent of its budget for marketing. Four out of its six positions are Marketing Specialists. The marketing efforts within this program go toward strategic industry trade shows and advertisements, strategic industry organizational dues, and related expenses.

The Global Commerce program in DEcD is the agency’s second largest program, which markets and promotes Georgia commercially. It carries out its mission through a state appropriation of \$11,264,286; a robust in-house marketing staff; contracts with media and advertising agencies; and other advertising-, marketing-, and education-related efforts. The Business Recruitment and Business Expansion activities within DEcD’s Global Commerce program utilize shared personnel and marketing funding to attract, retain, and expand both targeted and general industries within Georgia. These activities contribute to strategic industry recruitment by funding trade show registration and presence, advertisements, and professional organization membership dues and fees.

Marketing and promotion of strategic industries is the singular mission of Innovation and Technology and a significant portion of Global Commerce’s mission. To achieve these goals, both programs regularly pay the same vendor for the same or similar services rendered. For example, in FY 2015 and FY 2016 combined, Innovation and Technology paid approximately \$320,000 to a vendor for department trade shows and other promotional expenses, while Global Commerce paid approximately \$51,000 to the same vendor for the same services. Likewise, in FY 2015, a different vendor was paid \$13,303 and \$12,533 for department promotional expenses by Innovation and Technology and Global Commerce, respectively. The agency determines whether to retain services through cost-allocation or by execution of distinct contracts on a case-by-case basis. Regardless, expenditure transparency would be increased by consolidating these programs to ensure a more holistic picture of each contract.

Purpose	Current Global Commerce				Innovation and Technology
	Trade	Business Recruitment	Business Expansion	Centers of Innovation	
Promote Georgia as a site for domestic and international businesses		X			
Assist in-state business expansion			X	X	
Provide wage data, labor availability, and tax information		X	X	X	
Provide Georgia businesses with technical industry expertise			X	X	X
Target identified strategic industries to connect and assist				X	X
Match international purchasers with Georgia suppliers	X				
Assist businesses with global insight and global connections	X				

The department should move the Innovation and Technology program under the Global Commerce program. By doing so, Global Commerce’s marketing efforts targeted at recruitment and retention of strategic industries in Georgia would be streamlined. The same mission would no longer transcend programmatic boundaries, with two different budgets and potential for services to be duplicated with no added value. By bringing Innovation and Technology under Global Commerce, activities geared toward these strategic industries can be better coordinated and executed.

Department of Economic Development
 ZBB Program: Innovation and Technology

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Marketing	Focuses on attracting high technology and biotech companies and industries to locate and grow in Georgia.		6	\$1,542,296	\$1,542,296
Total			6	\$1,542,296	\$1,542,296

* (Listed in priority order as determined by Agency)

Department of Economic Development
 ZBB Program: Innovation and Technology

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$554,594	\$488,541	\$595,642
Regular Operating Focuses on attracting high technolc	70,659	70,666	70,667
Motor Vehicle Purchases			
Equipment			
Computer Charges	27,598		
Real Estate Rentals	27,000	114,500	27,000
Telecommunications	1,026	3,716	3,719
Contracts	7,647,379		105
Marketing	828,397	845,097	845,163
Total Expenditures	\$9,156,653	\$1,522,520	\$1,542,296
Fund Type			
State General Funds	\$7,356,725	\$1,522,520	\$1,542,296
Tobacco Funds	1,799,928		
Total Funds	\$9,156,653	\$1,522,520	\$1,542,296
Positions	6	5	6
Motor Vehicles	0	0	0

Department of Economic Development
ZBB Program: Innovation and Technology

Performance Measures

Agency Purpose:

The Department of Economic Development administers programs that promote and encourage the development of tourism and business in the state.

Program Purpose:

The purpose of this program is to market and promote strategic industries to existing and potential Georgia businesses.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of jobs created	2,667	5,893	5,500	3,312
2. Amount of new direct capital investment into the state (in millions)	\$225	\$135	\$677	\$197
3. Number of new projects initiated	30	35	64	94



FY 2018 Zero-Based Budget Analysis

Employees' Retirement System

ZBB Program: Deferred Compensation

Executive Summary

- The Deferred Compensation program provides for a tax-deferred, retirement investment opportunity for state employees as a supplement to retirement income.
 - The Employees' Retirement System should continue to encourage state employees to enroll in the 401(k) plan at 5 percent or greater contribution rates to maximize the state employer match.
-

Program Overview

The Employees' Retirement System of Georgia (ERS) manages and protects the integrity of the retirement plans of state of Georgia employees to ensure fiscal stability while working to benefit its members. Deferred Compensation provides participating state employees a tax-deferred investment opportunity to supplement retirement income.

Based on when the employee was hired by the state of Georgia, members enrolled in ERS will be a part of one of three separate retirement plans. The Old Plan is for employees with state service beginning before July 1, 1982. The New Plan is for employees who started between July 1, 1982, and January 1, 2009. The most recent plan, which affects current new hires and anyone hired on or after January 1, 2009, is the Georgia State Employees' Pension and Savings plan. The Old and New plans provide a defined pension benefit, which is calculated based on the product of an individual's final average salary, his or her years of service, and a set percentage rate depending on the plan. Both employers and employees contribute to these plans. Beginning in 2009, Georgia instituted a hybrid retirement model, which provides a smaller defined pension benefit but gives employees the opportunity to supplement the pension by enrolling in a deferred compensation 401(k) or 457 plan through the Peach State Reserves. Deferred compensation offers an employer match of up to 3 percent of an individual's salary that varies based on the percentage contributed by the employee.

Results and Recommendations

During the 2014 legislative session, the General Assembly enacted House Bill 764, which changed the automatically enrolled contribution rate for the 401(k) Plan from 1 percent to 5 percent for those members employed after July 1, 2014. This percentage amount can be changed at any time by the employee. These member contributions are partnered with an employer match of up to 3 percent, with the maximum match amount implemented for employees contributing 5 percent or more of salary. The employer matches 100 percent of the first percentage of earnings contributed by the employee. For each subsequent percentage contributed by the employee, up to a total employee contribution of 5 percent of salary, the employer provides a 50 percent match. Of the 28,000 state employees currently enrolled in GSEPS, 58.6 percent are saving at or above the 5 percent rate and receiving the full employer match. The employer match increased from \$15.2 million in FY 2015 to \$16.6 million in FY 2016. The table below provides an example of a 401(k) Plan employer match based on an annual salary of \$30,000:

Contribution %	Contributed Dollars per Pay Period	Employer Match per Pay Period
1%	\$12.50	\$12.50
2%	25.00	18.75
3%	37.50	25.00
4%	50.00	31.25
5%	62.50	37.50

Employees can only receive their full match after five consecutive years of working for the state. Twenty percent of the employer match vests after each year of service completed until reaching 100 percent at the conclusion of five years. For example, after three years of service, the employee is guaranteed 60 percent of the employer match.

The Employees' Retirement System should continue to encourage and educate GSEPS members on the benefits of the state's deferred compensation retirement options. In order for GSEPS to provide for the most meaningful retirement, its members must actively contribute and otherwise remain involved in the process. While the number of members contributing at the initial 5 percent rate has increased, additional efforts should be taken to continue the upward trend of contribution rates. Currently, 58.6 percent of GSEPS members contribute greater than or equal to 5 percent. The average contribution rate is 3.85 percent. As of July 1, 2016, employee contribution rates were as follows:

	July 2015	May 2016	July 2016
0%	9.2%	10.0%	10.3%
1%	32.5	22.9	21.6
2%-4%	10.1	9.9	9.6
5%	40.3	47.3	48.9
6%-8%	4.2	5.5	5.3
>8%	3.7	4.4	4.4

Employees' Retirement System of Georgia
 ZBB Program: Deferred Compensation

Key Activities

Activity	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Member Services	Collect and record data necessary to administer the plan; direct investments as elected for participant contributions; automatically enroll new GSEPS members at 5%; ensure compliance with IRS/DOL regulations and Georgia law; Communicate with participants and employers through call centers, websites, emails, brochures, etc.	OCGA 47-18-2; OCGA 47-2-10	3.0		\$4,518,813
Total			3.0	\$0	\$4,518,813

Employees' Retirement System of Georgia
 ZBB Program: Deferred Compensation

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$262,575	\$269,471	\$370,713
Regular Operating Expenses	91,895	68,526	78,500
Motor Vehicle Purchases			
Equipment			
Computer Charges			20,000
Real Estate Rentals	12,719	12,719	18,700
Telecommunications			
Contractual Services	3,452,625	3,601,503	4,030,900
Total Expenditures	\$3,819,814	\$3,952,219	\$4,518,813
Fund Type			
Other Funds	3,819,814	3,952,219	4,518,813
Total Funds	\$3,819,814	\$3,952,219	\$4,518,813
Positions	2	2	3
Motor Vehicles	0	0	0

Employees' Retirement System
 ZBB Program: Deferred Compensation

Performance Measures

Agency Purpose:

The Employees' Retirement System of Georgia is a vehicle for collecting employee and employer contributions, investing accumulated funds, and disbursing retirement benefits to members and beneficiaries.

Program Purpose:

The purpose of this program is to provide excellent service to participants in the deferred compensation program for all employees of the state, giving them an effective supplement for their retirement planning.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of participants	51,527	56,580	59,552	63,037
2. Total assests under management (in millions)	\$1,054	\$1,208	\$1,204	\$1,252
3. Cost per participant	\$61.00	\$57.00	\$59.00	\$58.00



FY 2018 Zero-Based Budget Analysis

Employees' Retirement System

ZBB Program: Georgia Military Pension Fund

Executive Summary

- The Georgia Military Pension fund was established on July 1, 2002, to provide retirement benefits for members of the Georgia National Guard.
 - The Employees' Retirement System annually receives a report from an independent actuary related to the Georgia Military Pension Fund.
 - The ERS Board of Trustees should continue its efforts to increase the Georgia Military Fund's assets through investment strategies.
-

Program Overview

House Bill 227, from the 2002 session, created the Georgia Military Pension Fund (GMPF) program, which provides members of the Georgia National Guard who meet certain criteria and who retired after July 1, 2002, with a state retirement benefit. In order to qualify, an individual must be at least 60 years old and have completed 10 consecutive years in the Georgia National Guard immediately preceding an honorable discharge. In total, the member needs at least 20 years of creditable service, of which 15 were with the Georgia National Guard. Upon retirement, the member receives a monthly benefit of \$50 plus an additional \$5 per month for each year of creditable service over 20 years. The maximum monthly benefit allowable under Georgia law for members of the GMPF is \$100.

As of June 30, 2015, GMPF has 13,754 active members of the Georgia National Guard and 843 retired members. The average age of active members in the plan is approximately 31 years old.

A pension's funded ratio provides a measure of the plans assets compared to its liabilities. The current funded ratio for GMPF is 46.7 percent; GMPF is the newest of Georgia's defined benefit retirement plans. However, this ratio has been increasing year over year, up from 31.79 percent in Fiscal Year 2010—a sign of a strengthening and responsible plan. The plan's assets have a total market value of \$16,446,000, according to the FY 2015 actuarial report.

Results and Recommendations

Unlike the two largest retirement plans provided by the state, the Employees' Retirement System and the Teachers Retirement System, GMPF does not require members to make an employee contribution. All benefits paid through GMPF are funded entirely through employer contributions. Each year an independent actuary examines GMPF, evaluates the plan's ability to meet future obligations, and recommends an employer contribution amount to the Board of Trustees. The Actuarially Determined Employer Contribution (ADEC) is determined three years prior to the year in which the contributions are made. The ADEC for FY 2018 totals \$2,377,312, or \$172.85 per active member, and it was based on data from FY 2015. The ADEC rate for FY 2017 was \$2,017,875.

Year Ending	ADEC	Percentage Contributed
6/30/2010	\$1,434,000	100%
6/30/2011	1,282,000	100
6/30/2012	1,521,000	100
6/30/2013	1,703,000	100
6/30/2014	1,892,000	100
6/30/2015	1,893,000	100
6/30/2016	1,990,000	100
6/30/2017	2,018,000	100

Since the fund's inception, the funded ratio for the Georgia Military Pension Fund has steadily increased. The ERS Board of Trustees should continue its efforts to increase the Georgia Military Fund's assets through investment strategies. Success in this area would also continue increasing the plan's funded ratio over time.

Actuarial Valuation Date	Funded Ratio
6/30/2010	31.79%
6/30/2011	32.51
6/30/2012	35.73
6/30/2013	40.36
6/30/2014	44.83
6/30/2015	46.70

Employees' Retirement System of Georgia
 ZBB Program: Georgia Military Pension Fund

Key Activities

Activity	Description	Authority	No. of Positions*	FY 2017 State Funds	FY 2017 Total Budget
Collections and Investment Services	Collect employer contributions to fund retirement benefits and pools the GMPF funds with other programs within ERS for investment purposes only. The funds are invested in a mix of liquid and high quality bonds and stocks.	OCGA 47-24-60; OCGA 47-24-23			
Benefits Distribution	Distribute benefits monthly.	OCGA 47-24-102			
Retirement Education	Present retirement seminars around the state available to GMPF members; provide online tools for members before and during retirement.				
Georgia Military Pension Fund	Funds for the actual benefits.				\$2,017,875
Total			0.0	\$0	\$2,017,875

*Positions and funding to administer the program are located in a separate program within the agency.

Employees' Retirement System of Georgia
 ZBB Program: Georgia Military Pension Fund

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Georgia Military Pension Fund	\$1,893,369	\$1,989,530	\$2,017,875
Total Expenditures	\$1,893,369	\$1,989,530	\$2,017,875
Fund Type			
State General Funds	\$1,893,369	\$1,989,530	\$2,017,875
Total Funds	\$1,893,369	\$1,989,530	\$2,017,875
Positions	0	0	0
Motor Vehicles	0	0	0

Employees' Retirement System of Georgia
 ZBB Program: Georgia Military Pension Fund

Performance Measures

Agency Purpose:

The Employees' Retirement System of Georgia is a vehicle for collecting employee and employer contributions, investing accumulated funds, and disbursing retirement benefits to members and beneficiaries.

Program Purpose:

The purpose of this program is to provide retirement allowances and other benefits for members of the Georgia National Guard.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of retirees and beneficiaries currently receiving benefits	739	795	844	915
2. Total benefit payments made during the fiscal year	\$772,000.00	\$841,000.00	\$896,000.00	\$963,000.00
3. New retiree on-time processing rate	89.0%	92.0%	89.0%	79.0%



FY 2018 Zero-Based Budget Analysis

Employees' Retirement System

ZBB Program: Public School Employees Retirement System

Executive Summary

- The Public School Employees Retirement System (PSERS) was established in January 1970 to provide a supplemental retirement plan for public school employees who are not a part of the Teachers Retirement System of Georgia.
 - The Employees' Retirement System annually receives a report from an independent actuary related to funding for the Public School Employees Retirement System.
 - The current funded ratio is 83.2 percent, and ERS should continue efforts to increase the funded ratio over time through investment strategies.
-

Program Overview

The Public School Employees Retirement System (PSERS) provides retirement benefits to a segment of public school employees who qualify and who are not currently enrolled in the Teachers Retirement System of Georgia. Examples of employees included in the plan are school bus drivers, lunchroom personnel, maintenance staff, and custodial staff. Members who enrolled in PSERS before July 1, 2012, contribute \$4 per month; employees who have joined or join the system on or after July 1, 2012, contribute \$10 per month.

Upon reaching age 65 and completing 10 years of creditable service, a member of PSERS retires with a monthly benefit of \$14.75 multiplied by the employee's years of creditable service. For members who retired prior to July 1, 2013, a one-time 1.75 percent increase was provided at time of retirement. PSERS members may elect early retirement if they have reached age 60 and completed 10 years of creditable service. However, the monthly benefit is reduced by 6 percent for each year the member is under the age of 65. The average age for PSERS members is 52.4 with an average tenure of service of 9.2 years.

Employer contributions are determined by an independent actuary and include calculations for the normal employer contributions as well as contributions toward the unfunded actuarial accrued liability. The plan currently has 35,477 active members and 16,952 retired members and beneficiaries. For FY 2018 the annual employer contribution totaled \$780.92 per employee, for a total plan amount of \$27,705,000.

Results and Recommendations

Actuarial Determined Employer Contribution (ADEC) levels are ultimately approved and certified by the Employees' Retirement System Board of Trustees. The funded ratio, a metric used to determine the health of a retirement system, was 83.2 percent for PSERS for FY 2015. The funded ratio is calculated by dividing the actuarial value of assets by the actuarial accrued liability. During the most recent economic downturn, the actuarial value of assets within PSERS decreased while actuarial accrued liability increased year over year. While this trend put significant pressure on the funded ratio, the ratio has improved since then, increasing each year during the past three years and reaching its current rate of 83.2 percent. For FY 2015 the actuarial value of PSERS' assets was \$805,277,000, while the actuarial accrued liability was \$967,409,000. PSERS has set an internal goal to dramatically improve the funded ratio over the next 20 to 25 years. PSERS should maintain the current upward trajectory by working to increase the funded ratio through investment strategies as efficiently as possible without sacrificing the stability or reliability of the plan.

Actuarial Valuation Date	Funded Ratio
6/30/2010	84.2%
6/30/2011	81.2
6/30/2012	79.4
6/30/2013	79.9
6/30/2014	82.8
6/30/2015	83.2

During the Great Recession, the amount of funding required to meet the Actuarially Determined Employer Contribution increased significantly as the value of the plan's assets decreased. Yet, the state has continued to meet the full ADEC recommendation.

Fiscal Year	State Appropriation
2010	\$5,529,000
2011	7,509,000
2012	15,884,000
2013	24,829,000
2014	27,160,000
2015	28,461,000
2016	28,580,000
2017	26,277,000

Employees' Retirement System of Georgia
 ZBB Program: Public School Employees Retirement System

Key Activities

Activity	Description	Authority	No. of Positions*	FY 2017 State Funds	FY 2017 Total Budget
Collections and Investment Services	Collect contributions from members between September and May (inclusive), as well as receives employer contributions (State), and pool PSERS funds together with all of the other programs within ERS for investment purposes only; the funds are invested in a mix of liquid and high quality bonds and stocks.	OCGA 47-4-25, 47-4-29 & 47-4-60; OCGA 47-4-25 & 47-4-26			
Benefit Payments	Distribute PSERS benefits monthly.	OCGA 47-4-101			
Retirement Education	Present retirement seminars around the state available to PSERS members and provide a published "retirement options information chart" available online for members to access.				
Public Schoole Employees Retirement System	Funds for the actual benefits.				\$26,277,000
		Total	0.0	\$0	\$26,277,000

*Positions and funding to administer the program are located in a separate program within the agency.

Employees' Retirement System of Georgia
 ZBB Program: Public School Employees Retirement System

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Public School Employees Retirement System	\$28,461,000	\$28,580,000	\$26,277,000
Total Expenditures	\$28,461,000	\$28,580,000	\$26,277,000
Fund Type			
State General Funds	\$28,461,000	\$28,580,000	\$26,277,000
Total Funds	\$28,461,000	\$28,580,000	\$26,277,000
Positions	0	0	0
Motor Vehicles	0	0	0

Employees' Retirement System of Georgia
 Public School Employees Retirement System

Performance Measures

Agency Purpose:

The Employees' Retirement System of Georgia is a vehicle for collecting employee and employer contributions, investing accumulated funds, and disbursing retirement benefits to members and beneficiaries.

Program Purpose:

The purpose of this program is to provide administration of pension benefits to the Public School Employees Retirement System, who do not qualify for participation in the Teachers Retirement System.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of retirees and beneficiaries currently receiving benefits	15,742	16,434	16,994	17,626
2. Total benefits payments made (in millions)	\$55.04	\$56.19	\$56.97	\$57.90
3. New retiree on-time processing rate	97.0%	98.0%	98.0%	98.0%



FY 2018 Zero-Based Budget Analysis

Office of the Governor

ZBB Program: Georgia Emergency
Management & Homeland Security Agency

Executive Summary

- The Georgia Emergency Management & Homeland Security Agency (GEMHSA) coordinates emergency communications and response efforts with local, state, non-profit, and federal entities and oversees all federal disaster recovery and mitigation grants administered by the Federal Emergency Management Agency (FEMA).
 - The agency should provide updated cost-share projections for all disaster commitments, which include federal SF-424 documents and a list of all projects considered open in a disaster, prior to requesting Governor's Emergency Funds (GEF) for a presidential disaster declaration.
 - The agency should review and evaluate the current interagency agreement with the Department of Natural Resources (DNR) to determine the operational efficiencies of consolidating communications or seek legislative approval for the current interagency agreement through its appropriations purpose statement.
 - The program name and purpose statement should be updated to reflect SB 416 (2016 Session).
 - GEMHSA will report new performance measures to better demonstrate the workload and effectiveness of the program.
-

Program Overview

Under the authority of the Georgia Emergency Management Act of 1981, the Georgia Emergency Management & Homeland Security Agency (GEMHSA) coordinates emergency preparedness, response, and recovery operations. The program is administratively attached to the Office of the Governor and works with local, state, and federal governments, as well as private and faith-based entities, to prevent and respond to emergency events within the state. Federal and state funds in the program support the protection of the life and property of the citizens of the state from man-made and natural disasters by: providing emergency communications and public announcements through the State Operations Center (SOC), implementing comprehensive emergency and disaster readiness plans and programs, certifying and training local emergency management professionals and agencies, and assisting agencies with federal grant administration and compliance. During FY 2016, federal grants supported 89 percent of the agency's expenditures while state funds supported 9.6 percent and other funds supported 1.4 percent.

Depending on the federal grant received, a match from 0 to 50 percent of the total grant award is required.

During an emergency event, the SOC is the main state operational asset utilized to support the agency's effort to coordinate communication and emergency support across multiple agencies. The SOC remains active throughout the year, elevated when the potential for a disaster event may occur, and at full alert when a severe threat is imminent. The SOC operates the state warning point, a communications center that fields calls from state and local agencies while also monitoring for severe weather and man-made threats 24 hours a day.

GEMHSA is required by O.C.G.A. 46-5-124 to assist in the planning, promotion, and implementation of a statewide emergency 911 system. GEMHSA must review and approve all 911 plans proposed by local jurisdictions prior to implementation. Jurisdictions must submit their plans to GEMHSA every four years per the 911 Emergency Telephone Number Plan. The plan outlines rules regarding accessibility, operational efficiency, procedures, service, response, and planning guidelines for local jurisdictions.

During non-disaster periods, field coordinators within eight established regions, act as the state emergency management point of contact for their respective regions and maintain relationships with local emergency managers, responders, and public officials. Coordinators work to ensure counties meet all the requirements to qualify for an Emergency Management Performance Grant, which counties use to purchase emergency equipment, hire personnel, or fund upgrades to their current emergency management departments.

Field coordinators work with regional All-Hazards Councils, local emergency planning committees, faith-based organizations, and local emergency management agencies (EMA) by giving technical assistance, providing grant writing and application assistance, evaluating emergency management exercises, visiting county officials and departments, and providing training exercises upon request. In addition, the agency administers federal homeland security grants to regional All-Hazards Councils. Field coordinators further provide situational reports of real-time events to agency headquarters during an emergency situation. Coordinators work with EMAs to create points of distribution for emergency relief, organize communication between relief groups, conduct damage cost estimations, and assist in the process of obtaining mutual aid and federal grant funding.

Pursuant to O.C.G.A. 20-2-1185, all public schools are required to develop school safety preparedness plans that include input from teachers, students, school district employees, local law enforcement, fire service, and other emergency management agencies. The law requires the plan to be submitted to a local EMA; however, GEMHSA school coordinators must approve the plan. The agency divides the state into six regions, with one school safety coordinator in each region who provides training and technical assistance to public and private schools. These coordinators teach a number of school safety courses on the campus of schools to better prepare staff for real world situations. During emergency situations, school safety coordinators support field coordinators as technical advisors to local jurisdictions within the affected area. They also maintain relationships with school system administrators, local emergency management agencies, and local governments in their regions.

In the event of a presidentially declared disaster in Georgia, GEMHSA works with federal, state, and local officials to administer disaster relief funds intended to restore affected areas back to regulated codes and standards and aid in the recovery process. The federal Public Assistance (PA) grant for presidentially

declared disasters originated from the Robert T. Stafford Disaster Relief and Emergency Act and currently operates through the Sandy Recovery Improvement Act of 2013. The agency's field coordinators and other staff work with local jurisdictions to create initial cost estimates of damages caused during a disaster. Non-profit electrical membership cooperatives (EMCs) operating in a county affected by a disaster may qualify for disaster assistance and are required to pay the non-federal share of the grant award in full without state assistance. If the disaster meets an uninsured state loss threshold of \$1.41 per capita, the Governor can ask the federal government for a presidential disaster declaration.

If a disaster warrants the disbursement of federal PA grant funds, the federal government requires a 75:25 percent cost-share split between federal and state funds. GEMHSA has the authority to require that a percentage of this match be made by local governments. In most cases, this cost-share is a 10 percent contribution by the state and a 15 percent contribution by local governments. If local governments meet the criteria to participate in GEMHSA's Incentive Based Presidential Declared Disaster Assistance Program, the cost-share split between the state and locals will be equally shared at 12.5 percent each. The Governor can issue an executive order to transfer funds from the Governor's Emergency Fund (GEF) to GEMHSA to match federal grant dollars. Each state fiscal year, the agency requests to reserve GEF for existing disaster project commitments.

It takes several years to complete multiple projects for a disaster recovery event. Once projects are completed, the agency provides closeout documentation to FEMA for approval. All projects must be complete before FEMA will consider approval.

The Homeland Security division of the agency coordinates with other state and local agencies to prevent terrorism and man-made disasters through the eight regional All-Hazards Councils, GISAC, Homeland Security Task Force (HSTF), and the Counter Terrorism Task Force (CTTF). The regional All-Hazards Councils are planning forums for local leaders in each region to improve response and communications during terrorist events and natural or man-made disasters. GEMHSA receives funding from the Southern Nuclear Operating Company and Savannah River Site to support four positions in the Homeland Security Radiological Emergency Preparedness Section of the division. This section works with nuclear power plant facilities and radioactive material storage sites to maintain preparedness and response plans in the event of an accident as required by the federal government.

The division includes the Homeland Security Planning and Response (HSPAR) unit that coordinates statewide response activities and planning operations. The HSPAR unit is tasked with critical infrastructure planning and response across the state. HSPAR staff act as subject-matter experts that assist in the planning of these sites' operation plans and also train state, local, and private staff.

The agency acts as a coordinator between state, local, and private entities to develop and implement emergency operations plans and policies. Planners create and review specific plans and assist with strategies associated with specific emergency functions, through crisis communication policy, disaster housing strategy, tropical storm/cyclone preparation, and other means. The plans include studies and analysis of potential impacts, evacuations, and command structures; they also direct communication between state, local, and private entities during events. The agency's field coordinators and planners review and approve 161 local jurisdiction emergency operations response plans on two-year cycles in accordance with GEMHSA standards. The two largest statewide plans the agency oversees are the Georgia Emergency Operations Plan (GEOP) and the Georgia Hazard Mitigation Strategy (GHMS).

The GEOP, the state's strategic plan for emergency events, examines any potential hazards the state may face and damages they may cause; coordinates and plans for disaster recovery; outlines state agency support functions; contains emergency planning supplemental documents; outlines responsibilities for responding agencies; and contains an overall operations implementation strategy. GEMHSA is the coordinating agency and primary point of contact for six emergency support functions in the GEOP, including communications, emergency management, logistics, search and rescue, long-term recovery, and external affairs.

The GHMS is the most recent update to the Georgia Hazard Mitigation Plan maintained by planners and staff of the agency's Hazard Mitigation Division. Hazard mitigation is the practice of identifying, reducing, and potentially eliminating risks and vulnerabilities to people and property in the state. The GHMS is considered to be an enhanced mitigation plan, which means the plan is integrated with other initiatives from state, local, and regional agencies as well as FEMA. The enhanced plan qualifies Georgia to receive an additional five percent of the damage cost in FEMA reimbursements, which is on top of the 15 percent typically reimbursed in the event of a disaster. Georgia is one of twelve states that qualify for the 20 percent reimbursement rate. The State Hazard Mitigation Planning Team worked with the University of Georgia Carl Vinson Institute of Government's Information Technology Outreach Services unit, as well as local, state, and federal agencies, to develop the current GHMS in 2014. The division reviews the plan annually and has begun preparations for a comprehensive review required every three years by FEMA.

During emergency situations in which a presidential disaster declaration has been issued for the state or an affected area of the state, FEMA will administer Hazard Mitigation (HMGP) grant funds to facilitate the recovery process following a disaster. The HMGP is calculated using the total Public Assistance (PA) award (20 percent of total costs reimbursed). HMGP is not meant for recovery; rather it is intended to better protect the affected community from a similar disaster. Projects are submitted for approval to the agency and then to FEMA for funding.

Results and Recommendations

Program Purpose Statement

The Georgia Emergency Management Agency should be accurately referenced as the Georgia Emergency Management and Homeland Security Agency (GEMHSA) pursuant to SB 416 of the 2016 legislative session (O.C.G.A. 38-3-20). The program name and purpose statement should be updated accordingly.

State Warning Point

Currently, the state warning point operates with 11 full-time and four part-time personnel with one supervisor. The warning point has an annual budget of \$668,000 for personal service expenditures. In FY 2016, the state warning point answered approximately 28,000 calls at a cost of \$23.89 per call. Approximately 65 percent of these calls pertained to DNR or Environmental Protection Division (EPD) matters. In comparison, the Department of Public Safety Headquarters Communications Center answered 211,476 calls with a budget of \$653,000, which equates to a cost per call of \$3.09. Neither the agency purpose statement nor Georgia code provide clear legal authority for GEMHSA to utilize its call center for DNR or EPD matters. The current arrangement is based on a 2001 executive order and

interagency agreement. GEMHSA should review and evaluate the current interagency agreement with DNR to determine the operational efficiencies of this communications consolidation or seek legislative approval for the current interagency agreement through an appropriations purpose statement.

Disaster Recovery Assistance

When requesting GEF as match for PA and other grant funds, the agency should provide the Governor's Office of Planning and Budget (OPB) with an updated state-cost-share projection for all disaster commitments. This cost-share projection should include federal SF-424 documents and a list of all projects still considered open in each disaster. The agency should also provide this information to OPB on a quarterly basis to reconcile the GEF reserve amount.

Performance Measures

Performance measures are an integral component of the zero-based budgeting (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program but should also be appropriate and relevant to the policy goals of the agency and state as a whole. Through ZBB analysis, new measures were developed and evaluated to supplement existing performance measures.

The following new performance measures will help monitor workload and progress in the agencies activities. New performance measures should be updated annually into the BudgetTool system.

- Number of Georgia counties with an approved Annual County Emergency Work Plan
- Total number of projects open in the Public Assistance grant program
- Total number of projects open in the Hazard Mitigation grant program
- Number of certified emergency managers trained by the agency
- Number of days the State Operations Center was open
- Number of school safety training programs provided
- Number of persons that attended agency sponsored WebEOC training
- Dollar value of payments processed to local governments
- Number of Homeland Security sub-awards managed
- Number of jurisdictions with wireless emergency 911 plans in the state

Office of the Governor
 ZBB Program: Georgia Emergency Management Agency

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
State Operations Center (SOC)	Supports state efforts of recovery, response, planning, mitigation, and continuity by coordinating multi-agency communication through the through State Operations Center (SOC).	OCGA 38-3-20	22	\$ 957,890	\$ 3,526,440
Field Programs	Serve as the main point of contact for local emergency management agencies and school districts to GEMA. Assist in development of emergency operations plans, train personnel, and, during disasters, give actual situational reports to GEMA.	OCGA 38-3-20, OCGA 20-2-1185	16	844,450	3,108,442
Disaster Recovery Assistance	Provides federal Public Assistance grant administration to local, state, and non-profit organizations for response and recovery operations in presidentially declared disasters and emergencies.	OCGA 38-3-31	8		14,000,000
Hazard Mitigation	Provides federal grant assistance, financial and logistical guidance to local, state, and non-profit organizations to prepare for and prevent loss of life and property before and after a disaster.	OCGA 38-3-31	11		585,807
Homeland Security Planning	Trains individuals and groups at the state and local levels in emergency response, Homeland Security, and provides homeland security grants.	OCGA 38-3-22, OCGA 38-3-20, OCGA 38-3-22.1	25	230,277	7,184,367
Emergency Operations Planning	Maintain general and incident specific emergency management plans and periodically reviews local emergency operations response plans in accordance with FEMA standards.	OCGA 38-3-22	16	448,685	2,886,774
Executive Administration	Provides executive leadership, coordinates financial, human resources, facility management, and information technology services to the agency.	OCGA 38-3-20	23	300,538	2,001,048
Total			121	\$ 2,781,840	\$ 33,292,878

*Listed in priority order as determined by Agency

Office of the Governor
 ZBB Program: Georgia Emergency Management Agency

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$8,962,960	\$9,009,740	\$8,585,574
Regular Operating Expenses	1,130,150	1,147,211	917,496
Motor Vehicle Purchases	30,121	148,700	50,422
Equipment	417,335	431,016	113,000
Computer Charges	538,480	449,537	739,051
Real Estate Rentals	1	1	
Telecommunications	558,237	496,292	442,187
Contractual Services	4,484,505	3,845,612	3,876,907
Grants and Benefits	64,291,765	37,328,836	18,568,241
Total Expenditures	\$80,413,554	\$52,856,945	\$33,292,878
Fund Type			
State General Funds	\$5,998,497	\$4,994,333	\$2,781,840
Federal Funds	73,747,683	47,156,804	29,703,182
Other Funds	667,374	705,808	807,956
Total Funds	\$80,413,554	\$52,856,945	\$33,292,978
Positions	143	143	143
Motor Vehicles	30	30	30

Office of the Governor
 ZBB Program: Georgia Emergency Management Agency

Performance Measures

Agency Purpose:

The Governor is the Chief Executive Officer of state government. The Governor is charged with executing the laws of the state and the economic and fiscal management of state government. To effectively accomplish these duties the Governor must meet with members of local government, the General Assembly, state agency heads, and federal officials.

Program Purpose:

The Georgia Emergency Management Agency works with state and local agencies to protect the state from man-made and natural disasters and to carry out a comprehensive emergency and disaster readiness program.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of Georgia counties with an approved Annual County Emergency Work Plan	157	159	156	158
2. Total number of projects open in the Public Assistance grant program (New)	N/A	N/A	N/A	N/A
3. Total number of projects open in the Hazard Mitigation grant program (New)	154	122	110	60
4. Number of Certified Emergency Managers trained by the agency (New)	66	84	61	54
5. Number of days the State Operations Center was open to coordinate state response to disasters or emergencies (New)	3	30	14	12
6. Number of school safety training programs provided (New)	46	103	32	59
7. Number of persons that attended agency sponsored WebEOC training (New)	277	352	277	231
8. Dollar value of payments processed to local governments (New)	\$ 75,141,915	\$ 37,807,801	\$ 67,957,991	\$ 39,001,517
9. Number of Homeland Security subawards managed (New)	138	137	107	128
10. Number of counties with wireless emergency 911 plans (New)	179	179	177	177



FY 2018 Zero-Based Budget Analysis

Office of the Governor

ZBB Program: Governor's Office

Executive Summary

- The Governor's Office performs numerous duties which include, but are not limited to, the following: granting commissions and appointments, maintaining order, and transferring institutions temporarily between departments or agencies.
 - The office has nine primary activities to assist the Governor with the affairs of the state.
 - The Disability Ombudsman Office is a department within the Governor's Office to promote the safety, well-being, and rights of individuals with disabilities.
 - In accordance with O.C.G.A. 45-7-4(a), legal language was added in the FY 2006 Appropriations Act providing an allowance of \$40,000 for the operations of the Governor's Mansion.
-

Program Overview

The Governor's Office contains the chief executive for the state and his staff and performs numerous duties, which include the following examples: granting commissions, making appointments to fill vacancies, maintaining order, and transferring institutions temporarily between departments or agencies. Program activities include executive affairs, policy, executive counsel, appointments and scheduling, constituent services, government affairs, and information technology. As such, the Governor's Office assists the Governor in setting policy priorities, working with other elected officials to achieve beneficial outcomes, issuing executive orders, and communicating the events of state government to constituents and the media. In addition, the Disability Ombudsman Office is housed within the Governor's Office. This office works to protect the well-being of individuals with disabilities.

The Governor's Office budgetary program contains \$40,000 for the operations of the Governor's Mansion.

Office of the Governor
 ZBB Program: Governor's Office

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Executive	Assists the Governor with carrying out the daily affairs of the state by managing the Executive branch agencies, maintaining books of record, and submitting the Governor's Annual report to the General Assembly. The Chief of Staff, Chief Operating Officer, and the Chief Financial Officer ensure that the executive branch agencies budget and legislative requests meet the Governor's priorities.	45-12-25; 45-12-39; 45-12-50; 45-12-60;		\$6,605,562	\$6,705,562
Policy	Provides policy development, evaluation, and recommendations in support of the Governor. The staff advances the Governor's agenda through background research and fact-finding, often interacting with state and federal agencies.	45-12-50			
Executive Counsel	Handles all legal matters affecting the Office of the Governor. Executive Counsel also responds to all open records requests and all of the Governor's Executive Orders.	45-12-55			
Appointments and Scheduling	Assists the Governor in meeting his obligation to appoint qualified people to boards and commissions throughout the State. The staff also collect, organizes and respond to all invitations for the Governor. This department is responsible for all maintenance of the Governor's time, including travel arrangements, staff assignments, and other logistics.	45-12-50; 45-12-52 through 45-12-57			
Constituent Services	Responds to the Governor's mail, e-mail, and phone calls from the public. Staff conducts research on a broad range of policy issues in order to respond to constituents' requests. Functions as the office that promotes the safety, well-being, and rights of consumers. This office also handles Proclamation and Commendation requests for the Governor.	45-12-56; 37-2-31			
Communications	Provides support to the Governor in disseminating information. Staff communicates with the media by holding press conferences, issuing press releases and media advisories. This also includes handling media requests for interviews and statements. This office attends the Governor's events that are open to the media, and houses the Governor's speechwriter.	45-12-50			

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Government Affairs	Functions as a liaison between the Governor's Office and other elected officials, including members of the Georgia General Assembly, the Congressional Delegation in Washington, D.C., county commissioners and mayors.	45-12-50			
Information Technology	Supports the technology needs of the Office.	45-12-50			
Mansion Operations	An allowance for the operation of the Governor's mansion.	45-7-4(a); Appropriation's Act		40,000	40,000
Total			0.0	\$6,645,562	\$6,745,562

* (Listed in priority order as determined by Agency)

Office of the Governor
 ZBB Program: Governor's Office

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Unique Object Class	13,561,342	27,829,180	\$6,745,562
Total Expenditures	\$13,561,342	\$27,829,180	\$6,745,562
Fund Type			
State General Funds	\$12,844,289	\$27,554,113	\$6,645,562
Other Funds	717,053	275,067	100,000
Total Funds	\$13,561,342	\$27,829,180	\$6,745,562
Positions	46	44	43
Motor Vehicles	0	0	0

Office of the Governor
ZBB Program: Governor's Office

Performance Measures

Agency Purpose:

The purpose of this appropriation is to provide numerous duties including, but not limited to: granting commissions, appointments and vacancies, maintaining order, and temporary transfer of institutions between departments or agencies. The Mansion allowance per O.C.G.A. 45-7-4 shall be \$40,000.

Program Purpose:

The purpose of this appropriation is to provide numerous duties including, but not limited to: granting commissions, appointments and vacancies, maintaining order, and temporary transfer of institutions between departments or agencies. The Mansion allowance per O.C.G.A. 45-7-4 shall be \$40,000.

Performance Measures

Actuals			
FY 2013	FY 2014	FY 2015	FY 2016



FY 2018 Zero-Based Budget Analysis

Office of the Governor

ZBB Program: Governor's Office of Planning
and Budget

Executive Summary

- The Office of Planning and Budget (OPB), in accordance with O.C.G.A. 45-12-4, primarily manages the budgetary and financial affairs of the state; reviews applications for federal assistance and state contracts; and performs planning and development functions for the state.
 - The agency should consider proposing legislation related to updating the contents required for the annual budget report and updating the financial limit that triggers a contract review.
 - The agency should consider transferring the administrative operations for the Georgia Council on American Indian Concerns, along with funding of \$15,000, to the Department of Natural Resources, Historic Preservation Division.
-

Program Overview

The Office of Planning and Budget has three core responsibilities: Manage the budgetary and financial affairs of the state; review applications for federal assistance and state contracts; and perform planning and development functions for the state.

Budget and Financial Affairs

The agency exists to serve the Governor in managing the budget and financial affairs of the state. OPB analyzes budget policy issues, state economy and tax issues, revenue trends and collections, program performance, and expenditure trends and projections. Furthermore, OPB works with the Governor to develop a budget recommendation for the upcoming and amended fiscal years, based on agency requests, for presentation to the General Assembly. OPB is responsible for preparing the Governor's annual budget report, Zero Based Budget Report, Budget in Brief, and initial appropriations bills.

Utilizing the statewide budget applications as a tool, OPB reviews agencies' annual operating budgets to ensure that spending plans comply with the approved appropriations act. Agencies must first request and receive approval from OPB for an allotment of appropriations prior to making funds available for an expenditure.

Review Applications for Federal Assistance and State Contracts

OPB is charged with reviewing and approving all contracts authorized by the Appropriations Act that are not approved by the Department of Administrative Services or the State Properties Commission. OPB requires all state agencies to submit the Annual Operating Budget (AOB) and amendments in their BudgetNet application, which details an entity's spending plan, including any contracts. The budget management divisions review these plans and request supporting documentation to validate the planned use of funds. Therefore, once the plans are approved, any contracts included are also approved.

Perform Planning and Development Functions of the State

The Office of Planning and Budget serves as the designated state demographic agency of the state. Through partnerships and close collaboration with other state agencies, OPB prepares, maintains, and furnishes official demographic data for the state, which is a foundation for assessing future infrastructure and service needs.

Support for Administratively Attached Agencies

The Office of Planning and Budget provides human resources and financial management support to the Office of the Governor, Georgia Commission on Equal Opportunity, Professional Standards Commission, Georgia Emergency Management Agency, Office of the Child Advocate, Office of Student Achievement, and Office of the State Inspector General.

Georgia Occupational Regulation Review Council (GORRC)

The Georgia Occupational Regulation Review Council (GORRC) is required to review any legislation proposing to regulate a new industry, upon written notification from the appropriate legislative chairperson. The current code related to the council also requires a seven year review of existing regulatory entities; due to staffing levels and the amount of time required for this process, this element has not been fulfilled. There are approximately 41 existing regulatory entities overseeing 50 or more professions, with reviews requiring research, correspondence, meetings, discussion, a formal decision, and possibly a formal report.

Results and Recommendations

The contents of the Governor's annual budget report are prescribed by statute. O.C.G.A. 45-12-75(1) notes the report shall include summary statements of the financial condition of the state, accompanied by detailed schedules, such as a comparative consolidated balance sheet, if the Governor wishes to include them.

A Comprehensive Annual Financial Report (CAFR) is released at the end of each fiscal year by the State Accounting Office after it is audited by the Georgia Department of Audits. The CAFR contains a comparative consolidated balance sheet. In order to provide a thorough review and opinion by the

Georgia Department of Audits, the Office of Planning and Budget does not include the consolidated balance sheet in its annual budget report.

O.C.G.A. 45-12-75(5) further states the Governor's annual budget report shall contain detailed comparative statements of expenditures and requests for appropriations by funds, budget units, and budget classes. Because budgets are recommended at the program level, the agency should consider requesting an update to the statute to ensure contents of the annual budget report meet the statutory requirements.

Any contracts entered into by state government entities greater than \$5,000 are voidable without approval from the Office of Planning and Budget, the State Properties Commission, and the Department of Administrative Services (DOAS). Recently, the Department of Administrative Services increased the threshold from \$5,000 to \$25,000 for the purchase of goods and services exempt from the competitive bid process; thus allowing entities to purchase goods and services less than \$25,000 without oversight and approval. However, the statute for the Office of Planning and Budget states contracts over \$5,000 are voidable without certain approval. Therefore, OPB should consider legislation to update the contract review limit and include language in the AOB/Amendment instructions to agencies notifying them of contracts not subject to OPB approval.

Although the Georgia Council on American Indian Concerns is attached to the Office of Planning and Budget for administrative purposes only, the council works closely with the Historic Preservation Division of the Department of Natural Resources in fulfilling its mission. Therefore, the agency should consider transferring the administrative operations for the council, along with funding of \$15,000, to the Department of Natural Resources, Historic Preservation Division.

Office of the Governor
 ZBB Program: Governor's Office of Planning and Budget

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Budget Development and Management	Oversees the development of the Governor's annual budget report and strategic planning efforts as well as the development and approval of agency operating budgets, budget amendments and allotments from the State Treasury. Staff includes executive leadership, policy analysts, and IT staff. The state-wide enterprise IT systems for budget development and management are supported in this activity.	45-12-21; 45-12-177	37.0	\$7,275,370	\$7,275,370
Administration	Provides support to the agency to carry out all programmatic activities. Staff includes administrative support as well as human resources, accounting, and budgeting that work to manage day-to-day operations for the agency. Staff also serve as the Governor's warrant officer. In addition, OPB is also responsible for administratively supporting The Office of the Governor, Office of the State Inspector General, Georgia Commission on Equal Opportunity, Office of the Child Advocate, the Disability Ombudsman Office, Governor's Office of Student Achievement, Georgia Professional Standards Commission, and the Georgia Emergency Management Agency.	45-12-21	12.0	1,455,257	\$1,455,257
Georgia Council on American Indian Concerns	Protects Indian graves and burial objects from accidental and intentional desecration. Attached to the Office of Planning and Budget for Administrative purposes only.	44-12-280		15,000	\$15,000
Total			49.0	\$8,745,627	\$8,745,627

* (Listed in priority order as determined by Agency)

Office of the Governor
 ZBB Program: Governor's Office of Planning and Budget

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$5,554,567	\$5,318,828	\$5,455,621
Regular Operating Expenses	168,009	462,545	196,762
Motor Vehicle Purchases			
Equipment			
Computer Charges	239,288	262,147	269,301
Real Estate Rentals	372,323	372,337	442,908
Telecommunications	524,965	542,770	614,255
Contractual Services	2,566,156	3,132,703	1,766,780
Grants	92,840,175	47,577,817	
Claims/Judgments		233,473	
Total Expenditures	\$102,265,482	\$57,902,620	\$8,745,627
Fund Type			
State General Funds	\$8,340,306	\$9,194,197	\$8,745,627
Federal Funds	92,959,168	47,622,645	
Other Funds	966,009	1,085,778	
Total Funds	\$102,265,483	\$57,902,620	\$8,745,627
Positions	49	46	49
Motor Vehicles	0	0	0

Office of the Governor
 ZBB Program: Governor's Office of Planning and Budget

Performance Measures

Agency Purpose:

The purpose of this appropriation is to improve state government operations and services by leading and assisting in the evaluation, development, and implementation of budgets, plans, programs, and policies.

Program Purpose:

The purpose of this appropriation is to improve state government operations and services by leading and assisting in the evaluation, development, and implementation of budgets, plans, programs, and policies.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of State Agency Strategic Plans reviewed	68	68	66	67
2. Number of budget amendments approved	819	696	754	772
3. Average number of days to process amendments (from submittal to approval)	5	5	6	7
4. Number of allotments processed	657	634	612	601
5. Average number of days to process allotments (from submittal to warrant)	3.97	5.31	5.12	5.00



FY 2018 Zero-Based Budget Analysis

Department of Human Services

ZBB Program: After School Care

Executive Summary

- The After School Care program uses federal funds to provide activities to elementary through high school-aged youth of low-to-moderate income outside of school hours.
 - Youth enrolled in out-of-school-time activities through the program in the Department of Human Services (DHS) are not monitored for outcomes, such as promotion to the next grade level; meaningful employment; or enrollment at a college, university, or technical college after the conclusion of the program's activities. The program, in collaboration with its community partners, should develop outcome measures to monitor program participants upon conclusion of a program activity's term.
 - Since its inception, the Temporary Assistance for Needy Families (TANF) block grant has not been reauthorized by the United States Congress. Currently, there is bipartisan support to reauthorize TANF, which includes provisions that could cap third party "maintenance of effort" (MOE) contributions, altogether eliminate them, or limit the use of TANF funds for only core provisions of the block grant. The state of Georgia would be negatively impacted if these provisions are enacted as part of TANF reauthorization. The Division of Family and Children Services (DFCS) of DHS should continue to monitor federal policy changes for its potential impact upon the state's budget.
-

Program Overview

The program in DHS provides activities to elementary, middle and high school-aged youth of low-to-moderate income outside of school hours. Specifically, the program provides activities to help youth with academics, future employment, and health and well-being. To participate in the program, participants must be eligible for DFCS public assistance programs or have a household income of 300 percent or less of the Federal Poverty Level (FPL). The program is federally funded by the TANF block grant. DFCS implements the program through contracted services with community-based organizations, such as the Georgia Alliance of Boys and Girls Club, and public agencies, such as the Glascock County Board of Education.

To be awarded a contract with the program, community-based organizations and public agencies must submit a Statement of Need (SoN) that outlines the provision of activities aimed at project-based learning, youth apprenticeships, and improving health and well-being.

Project-based learning

Project-based learning activities, which are offered to elementary and middle school-aged youth, are based on the Science, Technology, Engineering, Art, and Mathematics (STEAM) curriculum. Students participating in these activities work in teams to investigate real-world problems and create presentations to share what they have learned. Project-based learning activities take place a minimum of two days per service week for a minimum of 60 minutes per service day.

For example, students can create individual digital portfolios about STEAM-related subject matter. During the project, students are instructed in the use of such equipment and software as digital cameras, Photoshop and other editing programs, Microsoft PowerPoint, web design programs, and other similar programs. Students will present their digital portfolios at the conclusion of the term.

Youth apprenticeships

Youth apprenticeships are supervised, practical skill-building experiences provided to high school-aged youth. During these activities, these youth work alongside professionals to develop skills and hands-on experience in a specific field of interest. Youth apprenticeships are linked to the STEAM curriculum, can take place on or off campus, and operate a minimum of two days per service week for a minimum of 60 minutes per service day.

For instance, high school students can receive hands-on training from *Sodexo Executive Chefs* and *Food Lovers Catering*. Students will learn food safety rules, prepping and cooking techniques, and appropriate serving techniques. Students will create and serve a culinary presentation to conclude the term.

Health and well-being

Health and well-being activities are opportunities for youth to be physically active, as well as learn and practice healthy habits. These activities are offered to all program participants, regardless of age. Contracting organizations must offer health and well-being activities that align with select initiatives. Health initiatives must include *Georgia SHAPE*, a statewide collaborative designed to address childhood (ages 0-18) obesity. *Georgia SHAPE* may be supplemented by other health activities like *choosemyplate.gov* and *Bright Futures*. Well-being initiatives include programs by *stopbullying.gov*, *Injury and Violence Prevention*, *Substance Abuse and Mental Health Services Administration (SAMHSA)*, and the *National Gang Center*. Both *Georgia SHAPE* and well-being initiatives must take place a minimum of one day per service week for at least 30 minutes.

The program contracted with 45 community-based organizations or public agencies in federal fiscal year (FFY) 2016. Program monitors oversee the awarded contracts through site visits and best practices established by the program. Award amounts to community-based organizations or public agencies are based on the scope of a proposed project, and the organizations or agencies are required to provide matching funds that are based on a ratio of their award amount. Table 1 outlines matching ratios and financial award thresholds for program contractors.

Table 1.

Required Match amount	Financial Award Threshold
1:1	less than or equal to \$200,000
1.5:1	\$200,001 to \$1,000,000
3:1	\$1,000,001 to \$8,000,000

Matching funds are used by DHS toward its Maintenance of Effort (MOE) requirement for the TANF block grant. In state fiscal year (SFY) 2015, the After School Care program generated MOE of approximately \$38,492,966.

Results and Recommendations

Outcome measures should be added to monitor program participants upon the conclusion of a program activity's term

Performance measures are an integral component of the zero-based budgeting (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program but should also be appropriate and relevant to the policy goals of the agency and state as a whole.

Currently, the program monitors only workload measures. Youth that participate in the program are not monitored for outcomes, such as meaningful employment or enrollment at a college, university, or technical college after the conclusion of the program's activities. The program, along with its community partners, should develop and track performance measures that specifically relate to outcomes of program participants. For example, an outcome measure for an elementary school-aged youth could be, "the percentage of elementary school-aged youth promoted to the next grade level." An example of an outcome measure for a high school-aged youth could be, "the percentage of graduating high school seniors accepted to a technical college." Metrics that track specific outcomes of program participants should monitor overall program integrity and support one of the primary goals of DFCS—to provide individuals and families with access to services that promote self-sufficiency and independence. Along with tracking outcomes of program participants, contractors of the program should partner with technical colleges and other universities to more easily track outcomes of former program participants and ensure that former program participants are making positive life choices after program completion.

DFCS should ensure new performance measures are updated annually to reflect program activity.

Potential TANF reauthorization

The TANF block grant was created by the U.S. Congress through the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, more commonly known as "welfare reform." The legislation containing the TANF block grant replaced Aid to Families with Dependent Children (AFDC), which had provided cash assistance to impoverished families since 1935. In order to receive TANF block grant funds, matching state general funds are required to be used on programs for needy families. Matching state general funds are known as the "maintenance of effort" (MOE) requirement. The approximate MOE for Georgia is \$173.4 million. Historically, the Administration for Children and Families (ACF) determined that MOE is a cost-sharing requirement, which can include third party in-kind contributions that were made to supplement the costs associated with projects or programs that are funded by the TANF block grant (known as third party MOE). The program relies upon these matching funds from its

contractors to maintain current service delivery levels. The state of Georgia relies upon third party MOE that is generated by contractors of the program and other DFCS partners, such as the Atlanta Community Food Bank, to provide services to the citizens of Georgia and receive the TANF block grant in general.

Currently, there are bipartisan efforts to reauthorize TANF, including a proposal to cap third party MOE at FFY 2016 levels. Legislation that would affect third party MOE policy in this way is currently moving through the U.S. Congress. Proposals were also outlined in the president's FFY 2017 budget to limit TANF expenditures to only core services and altogether eliminate third party MOE.¹ If the state of Georgia could no longer count third party MOE contributions to receive the TANF block grant, the impact upon the state's budget would be \$81,707,455.² DFCS of DHS should continue to monitor Federal TANF reauthorization efforts and evaluate policy impacts that such a reauthorization could create.

¹ The statutory purpose of TANF is the following four goals: 1) to provide assistance to needy families with children so that they can live in their own home or the homes of relatives; 2) end the dependency of needy parents on government benefits through work, job preparation, and marriage; 3) reduce the incidence of out-of-wedlock pregnancies; and 4) promote the formation and maintenance of two-parent families.

² \$81,707,455 was third party TANF reported for FFY 2015. Third party TANF MOE has not yet accumulated as the federal fiscal year has not completed for FFY 2016.

Department of Human Services
 ZBB Program: After School Care

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Project-based Learning	Contracts with community-based organizations and public agencies to deliver health and well-being activities as well as STEAM (science, technology, engineering, arts, and mathematics) associated, interdisciplinary projects to elementary and middle school-aged youth in low to moderate income communities.	Title 45 Parts 261, 262, 263, and 265 (45 C.F.R.)			\$12,922,871
Youth Apprenticeship	Contracts with community-based organizations and public agencies to deliver health and well-being activities as well as STEAM associated apprenticeship training programs to high school-aged youth in low to moderate income communities.	Title 45 Parts 261, 262, 263, and 265 (45 C.F.R.)			2,577,129
Total			0		\$15,500,000

Department of Human Services
 ZBB Program: After School Care

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Contractual Services	\$15,398,938	\$15,370,000	\$15,500,000
Total Expenditures	\$15,398,938	\$15,370,000	\$15,500,000
Fund Type			
Federal Funds	\$15,398,938	\$15,370,000	\$15,500,000
Total Funds	\$15,398,938	\$15,370,000	\$15,500,000
Positions	0	0	0
Motor Vehicles	0	0	0

Department of Human Services
 ZBB Program: After School Care

Performance Measures

Agency Purpose:

The Department of Human Services is responsible for the delivery of social services throughout this state. The department serves all Georgians through regulatory inspection, direct services and financial assistance programs.

Program Purpose:

The purpose of this program is to expand the provision of after school care services and draw down TANF maintenance of effort funds.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of youth who participate in afterschool and summer programs	25,384	24,766	23,395	21,357
2. Percentage of youth in foster care who participate in after school programs	4%	N/A	N/A	4%



FY 2018 Zero-Based Budget Analysis

Department of Human Services

ZBB Program: Federal Eligibility Benefit
Services

Executive Summary

- The Federal Eligibility Benefit Services (FEBS) program of the Division of Family and Children Services (DFCS) in the Department of Human Services (DHS) makes eligibility determinations for Georgians seeking Medicaid, the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Title IV-E of the Social Security Act for Foster Care and Adoption Assistance (IV-E), and Childcare and Parent Services (CAPS). Policy direction and program support for public assistance programs is also administered by the FEBS program.
 - DHS should submit an amendment to the BudgetNet system to more accurately reflect the budgeted count of motor vehicles within the FEBS program.
 - DHS should submit an amendment to the BudgetNet system to more accurately reflect the budgeted position count within the FEBS program.
 - The FEBS program should consider updating the purpose statement to reflect changes in programs administered by the Federal government.
 - DFCS should adopt new and updated performance measures to better identify the workload, efficiencies, and effectiveness of the program.
 - Since its inception, the TANF block grant has not been reauthorized by the United States (U.S.) Congress. Currently, there is bipartisan support to reauthorize TANF, which includes provisions that would eliminate third party “maintenance of effort” (MOE) contributions and limit the use of TANF funds for only core provisions of the block grant. The state of Georgia would be negatively impacted if these provisions are enacted as part of TANF reauthorization. DFCS should continue to monitor TANF policy changes for the potential impact upon the state’s budget.
 - DFCS should continue offering the SNAP Education and Training programs in targeted counties. Enhanced implementation of these programs could lead to an ineffective use of state general funds and DFCS resources.
 - The CAPS program was partially transitioned to DECAL in FY 2014. The CAPS program should fully transition to DECAL, given the program’s purpose more closely aligns with the mission of DECAL, and DFCS should work with OPB to ensure that necessary fund sources and personnel are transferred via the appropriations process.
-

Program Overview

Eligibility determinations for public assistance programs are made by caseworkers in county DFCS offices, which are located in each of Georgia's 159 counties. County DFCS offices are organized into 14 regions, which are configured according to workload, staffing, geography, judicial circuits, or a combination of these criteria.¹ DFCS regions may have anywhere from two counties to 18 counties, but on average, there are 11 counties per DFCS region. The number of DFCS regions may fluctuate; if the demography of a certain region changes, the number of counties within that region may also change or counties within a region may shift to another region altogether. DFCS regions are then grouped into eight districts, which are organized primarily by workload and staff size.

Applications for public assistance eligibility are processed in the following ways:

- In-person at county DFCS offices: individuals must come to county DFCS offices to be interviewed by a caseworker, who then makes eligibility determinations on specified public assistance programs.
- Georgia Common Point of Access to Social Services (COMPASS) is an online information and eligibility portal for health and human services. Georgia COMPASS screens applicants for eligibility, steers them toward appropriate programs, and allows citizens to fill out an online application for SNAP. During fiscal year 2017, Georgia COMPASS will be replaced with the *Georgia Gateway* system. *Georgia Gateway* is an online-based portal that utilizes a single point of entry that will allow integrated eligibility processing for Georgians requesting public assistance. Georgia Gateway is a multi-agency collaboration between the following agencies: Department of Community Health (DCH), Department of Early Care and Learning (DECAL), Department of Human Services (DHS), and the Department of Public Health (DPH). The FEBS program of DFCS in DHS verifies eligibility for Medicaid, SNAP, TANF, Title IV-E foster care and Title IV-E adoption assistance, and CAPS. It also provides policy direction and program support for other public assistance programs.

Medicaid

Medicaid is a medical assistance program for low-income families, pregnant women, and adults who are determined to be either aged, blind, or disabled. Specifically, Georgians may apply for Family Medicaid and Adult Medicaid. Family Medicaid serves low-income families with household incomes less than 130 percent of the Federal Poverty Level (FPL), pregnant women with incomes less than 220 percent of FPL, and children up to 205 percent of FPL. Adult Medicaid serves adults age 65 and older, the blind, disabled, and other populations using Medicaid services, such as through the Community Care Services Program (CCSP). The Department of Community Health (DCH), which administers the Medicaid program for the state of Georgia, contracts with DFCS to provide eligibility determinations to Medicaid applicants. In total, 718,457 applications for Medicaid were submitted in FY 2015. In March 2016, there were 888,758 Medicaid cases.

¹ Judicial circuits are not divided into multiple regions so that judges do not have to coordinate with different DFCS regional directors.

Supplemental Nutrition Assistance Program (SNAP)

SNAP, also known as the “food stamp program,” provides assistance to low-income Georgians with the monthly cost of food. SNAP eligibility is strictly based on means, and work and other requirements are therefore not taken into account.² Specifically, a household’s gross income must be within 130 percent of FPL to qualify for SNAP. Households exclusively made up of elderly adults or disabled individuals may qualify for SNAP benefits if their income is within 200 percent of FPL. SNAP benefits can be redeemed for foodstuffs at authorized retail locations using Electronic Benefit Transfer (EBT) cards. As of March 2016, 798,628 households were receiving SNAP benefits. The total value of food stamps issued in FY 2015 was \$2,203,890,446.³

DFCS also contracts with community-based organizations, such as Open Hands Atlanta and the Partnership Against Domestic Violence, to provide direct, nutrition assistance programs. These programs include SNAP Nutrition Education (SNAP-Ed), SNAP Outreach. SNAP-Ed is designed to help individuals within 185 percent of FPL make healthier nutrition decisions through cooking demonstrations and other tutorials. The SNAP Outreach program provides informational activities to inform low-income households about the availability, eligibility requirements, application procedures, and direct SNAP benefits.

Nutrition assistance programs

Other nutrition assistance programs provided by DFCS include The Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP). DHS contracts with the Georgia Food Bank Association to deliver TEFAP to low-income individuals within 130 percent of FPL. DHS purchases the foodstuffs through the United States Department of Agriculture (USDA). The Georgia Food Bank Association then provides foodstuffs to eligible individuals. DHS contracts with the Atlanta Community Food Bank (ACFB) and America’s Second Harvest of Coastal Georgia (ASHCG) to provide the CSFP to eligible individuals over the age of 60. Prepared packages are ordered by DHS through the USDA and distributed by ACFB and ASHCG to eligible individuals within the service areas of these entities.

Temporary Assistance for Needy Families (TANF)

The FEBS program focuses TANF funds on employment and children. Several programs are implemented by the program to fulfill the broad goals of the TANF block grant: Employment Services, Employment Intervention Services (EIS), Work Support Program (WSP), Grandparents Raising Grandchildren (GRG), and Family Violence Emergency Assistance (FVEA).⁴ In order for an adult to receive cash assistance, he or she must participate in a work program, be a Georgia resident, have a dependent child, and have countable resources of less than \$1,000. Exceptions to the work program requirement do exist under special circumstances, such as when a parent receives Supplementary Security Income. Cash assistance

² The state of Georgia implements SNAP Education and Training (E&T) in targeted counties. Eligible individuals in these targeted counties must participate in extensive job training and placement services in order to receive SNAP benefits.

³ SNAP benefits are issued directly to eligible consumers and do not impact the state’s budget.

⁴ The statutory purpose of TANF is the following four goals: 1) to provide assistance to needy families with children so that they can live in their own home or the homes of relatives; 2) end the dependency of needy parents on government benefits through work, job preparation, and marriage; 3) reduce the incidence of out-of-wedlock pregnancies; and 4) promote the formation and maintenance of two-parent families.

for adults is only available for a lifetime limit of 48 months (4 years). Cash assistance in child-only cases has no lifetime limit. Child-only TANF cases have no work eligible adult in the case, as these children are in the care of a relative. As of March 2016, there were 12,770 TANF recipients—2,361 adult cases and 10,409 child-only TANF cases.

The TANF block grant award for federal fiscal year (FFY) 2016 is \$330,741,739. Within DHS, TANF funds are budgeted in the following programs: Adoptions Services, After School Care, Child Abuse and Neglect Prevention, Child Welfare Services, Departmental Administration, FEBS, Out-of-Home Care, and Support for Needy Families - Basic Assistance and Work Assistance.

The grant is also appropriated to the Department of Public Health (DPH) for women's health initiatives and Department of Behavioral Health and Developmental Disabilities (DBHDD) for adult addictive disease programs. DPH and DBHDD are appropriated \$10,404,529 and \$12,096,720 in TANF funds, respectively.

Title IV-E of the Social Security Act for Foster Care and Adoption Assistance (IV-E)

Title IV-E funds are used to provide safe and stable out-of-home care for children until the children are safely returned home, placed permanently with adoptive families, or placed according to other planned arrangements for permanency. The FEBS program makes eligibility determinations for Title IV-E foster care and Title IV-E adoption assistance through its Revenue Maximization Unit (Rev Max). Rev Max is comprised of specialized eligibility caseworkers who make eligibility determinations for the Medicaid plan for foster kids, known as *Georgia 360*, as well as Title IV-E foster care and Title IV-E adoption assistance.

Title IV-E funding is awarded by formula as an open-ended entitlement grant. For FFY 2016, the state of Georgia is expected to receive IV-E funds of \$91,875,031. Within DHS, IV-E funds are budgeted in the following programs: Adoptions Services, Departmental Administration, Child Welfare Services, Residential Child Care Licensing, Out-of-Home Care, and FEBS. As of December 2015, slightly over 50 percent of children in foster care were drawing some form of IV-E assistance. The majority of children receiving IV-E funding (8,179 children) were receiving this funding for adoption assistance.

Childcare and Parent Services (CAPS)

The CAPS program arranges and provides childcare assistance as a support service to low-income families and child protective services (CPS) clients. Parents that are enrolled in the CAPS program must be within 160 percent of FPL and meet certain activity requirements. An example of an activity requirement is employment for at least an average of 24 hours per week. Upon eligibility, parents may use their benefits at childcare centers that are licensed through Bright from the Start: Department of Early Care and Learning (DECAL). The CAPS program was partially transitioned to DECAL in FY 2014. Currently, DECAL contracts with DFCS for eligibility determinations.

Results and Recommendations

Realign motor vehicle count

The FEBS program is budgeted for 42 motor vehicles. However, the ownership for all motor vehicles has been transferred from DHS to county DFCS offices—most recently, the Bibb County DFCS office. Through the amendment process, DHS should amend its annual operating budget (AOB) to more accurately reflect the actual number of motor vehicles that are in the FEBS program.

Realign position count

The FEBS program is budgeted for 91 positions. However, not all positions are filled, and budgeted position counts have fluctuated in previous years. Through the amendment process, DHS should amend its AOB to more accurately reflect the actual number of positions that are in the FEBS program.

Consider updating the program's purpose statement

Currently, the FEBS program has the following purpose statement:

"The purpose of this appropriation is to verify eligibility and provide support services for Medicaid, Food Stamp, and Temporary Assistance for Needy Families (TANF)."

The term "food stamp" should be replaced with "Supplemental Nutrition Assistance Program (SNAP)" to more accurately reflect terminology used by the federal government. SNAP replaced the more commonly referred "Food Stamp Program."

New performance measures should be considered to monitor the program's overall performance

Performance measures are an integral component of the zero-based budgeting (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program, but should also be appropriate and relevant to the policy goals of the agency and state as a whole. During the ZBB process, new measures were developed and evaluated to supplement existing performance measures.

Currently, performance measures for the FEBS program only track the performance of SNAP. The following performance measures are inclusive of all eligibility determinations in the FEBS program. These measures were developed during the ZBB process:

- Number of Childcare applications received
- Percentage of TANF recipients that are child-only cases
- TANF work participation rate (federal target of greater than or equal to 50 percent)
- Number of active Medicaid cases
- Percentage of Medicaid: Aged, Blind, or Disabled eligibility applications determined in a timely manner (state target of greater than or equal to 90 percent)
- Percentage of Family Medicaid eligibility applications determined in a timely manner (state target of greater than or equal to 90 percent)

The following performance measure should be updated:

- "Food stamp eligibility accuracy rate (maintain error rate below national average)."

This metric should be updated to measure only the food stamp eligibility accuracy rate rather than the national average error rate, as final error rates lag behind the federal fiscal year since FNS must compile monthly error rates from each state to create the national average for the prior federal fiscal year.

Additionally, the following performance measure should be deleted from the FEBS program because *Right from the Start Medicaid* was transferred to DCH in FY 2014. DCH should begin monitoring this measure.

- “Percentage of individuals receiving Right from the Start Medicaid within 45 days.”

Potential TANF reauthorization

The TANF block grant was created by the United States Congress through the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, more commonly known as “welfare reform.” The legislation containing the TANF block grant replaced Aid to Families with Dependent Children (AFDC), which had provided cash assistance to impoverished families since 1935. In order to receive TANF block grant funds, state general funds must also be used on programs for needy families. State matching funds are known as the “maintenance of effort” (MOE) requirement. The approximate MOE for Georgia is \$173.4 million. Historically, the Administration for Children and Families (ACF) determined that MOE is a cost-sharing requirement, including third party in-kind contributions that were made to supplement the costs associated with projects or programs that are funded by the TANF block grant (known as third party MOE). The FEBS program relies upon these matching funds from their nutrition assistance program contractors to maintain current service delivery levels. The state of Georgia relies upon third party MOE that is generated by both nutrition assistance program contractors and other entities, such as the Alliance of Boys and Girls Club, to provide services to the citizens of Georgia and receive the TANF block grant in general.

Currently, bipartisan efforts are underway to reauthorize TANF, including a proposal to cap third party MOE at FFY 2016 levels. Legislation that would affect third party MOE policy in this way is currently moving through the U.S. Congress. Proposals were also outlined in the president’s FY 2017 budget to altogether eliminate third party MOE. If the state of Georgia could no longer count third party MOE contributions toward receiving the TANF block grant, the impact upon the state’s budget would be \$81,707,455.⁵ DFCS should continue to monitor federal TANF reauthorization efforts and evaluate policy impacts that such a reauthorization could create.

Continue operating SNAP Employment and Training programs in a budget neutral capacity

SNAP Employment and Training (E&T) programs are designed to assist eligible food stamp recipients with obtaining employment. The program fulfills its purpose by helping eligible households gain skills, training, work, or experience that will increase self-sufficiency. The state of Georgia receives federal funds from FNS to provide SNAP E&T services each year.

Able Bodied Adults without Dependents (ABAWD) is a SNAP E&T program that requires individuals to meet a work requirement in order to receive SNAP benefits. ABAWD requires the individuals to work at least 20 hours per week or participate in an approved education and training program for at least 20

⁵ \$81,707,455 was third party TANF reported for FFY 2015. Third party TANF MOE has not yet accumulated as the federal fiscal year has not completed for FFY 2016.

hours per week. If the ABAWD work requirement is not fulfilled, SNAP benefits are time-limited to any 3 months in a 36 month period unless an individual fulfills the ABAWD work requirement. ABAWD individuals must meet the following criteria: 1) must be between 18 and 49 years of age, 2) must be mentally or physically fit for employment, 3) must have no dependent child in the household, 4) must not be responsible for an incapacitated household member (exemption for SNAP work requirements), or 5) must not be pregnant.

The USDA provides funding to the state based on the total number of ABAWDs. The state receives \$1.63 million from the USDA to implement approved education and training services to ABAWDs. As of May 2016, approximately 96,000 ABAWDs were receiving food stamps. Currently, DFCS is implementing the ABAWD program with time-limits in Banks, Barrow, Bartow, Brooks, Catoosa, Clarke, Cobb, Coweta, Dade, Fayette, Forsyth, Gordon, Gwinnett, Hall, Heard, Jackson, Lowndes, Madison, Oconee, Oglethorpe, Paulding, Troup, Walker, and Walton counties. DFCS submits an annual waiver to USDA to only allow the ABAWD program to be provided in these targeted counties because the remaining 135 counties either have an unemployment rate that is higher than 20 percent above the national average, do not have a sufficient number of jobs, or do not have sizable ABAWD populations.

State general funds must be used to match 50 percent of the cost associated with providing support services. Support services include transportation, books or training materials, education costs, uniforms and other personal safety items needed for participation. DFCS currently budgets \$102,000 for support services to ABAWDs.

Any state legislation that would expand SNAP E&T programs, including any that would eliminate the ability for DFCS to apply for a waiver with the USDA to offer the ABAWD program in targeted counties, would trigger the need for additional changes or risk an inefficient use of state funds. DFCS should only change current operating procedures for SNAP E&T services if additional federal funds become available or adopt a model utilizing a third party funding mechanism. If these factors do not materialize, DFCS should continue operating SNAP E&T services in their current form to ensure that ABAWDs are successfully transitioning from dependency to self-sufficiency. This action would further allow DFCS to effectively utilize existing resources in counties with sizable ABAWD populations and prevent the potential for appropriating state general funds in support of the program to areas where their use would not have a significant effect.

Fully transition the CAPS program from DHS to DECAL

The CAPS program was partially transferred to DECAL in FY 2014. DECAL operates the program on a daily basis by providing vendor oversight while DFCS makes eligibility determinations for CAPS clients. The CAPS program appropriately aligns with DECAL since the primary responsibility of the program is to support early education by assisting low-income families with the cost of childcare. The program will make a full transition to DECAL. DFCS should work with OPB to ensure that necessary fund sources, personnel, and eligibility operations (including new eligibility software) are transferred to DECAL via the appropriations process. OPB will continue working with DFCS and DECAL for a successful transition.

Department of Human Services
 ZBB Program: Federal Eligibility Benefit Services

Key Activities

Activity*	Description	Authority	No. of Positions**	FY 2017 State Funds	FY 2017 Total Budget
Eligibility Determination	Verifies eligibility for public assistance programs such as the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) block grant, Medicaid, Foster Care (Title IV-B and IV-E), and Child Care services.	Food, Conservation, and Energy Act of 2008; Personal Responsibility and Work Opportunity Reconciliation Act of 1996; Title XIX of the Social Security Act; Title IV-B and IV-E of the Child Welfare and Adoption Assistance Act of 1980; O.C.G.A. Title 49 Chapter 2		\$104,239,337	\$255,874,963
Nutrition Assistance	Contracts with community-based organizations to provide education, outreach, emergency nutrition and/or commodity assistance.	Food, Conservation, and Energy Act of 2008; Food, Agriculture, Conservation, and Trade Act of 1990	4		12,207,383
Program Support	Provides policy support, policy direction, and administration to key stakeholders including Division of Family and Children Services (DFCS) eligibility caseworkers, other staff within the Department of Human Services (DHS), and external entities.	Food, Conservation, and Energy Act of 2008; Personal Responsibility and Work Opportunity Reconciliation Act of 1996; Title XIX of the Social Security Act; Title IV-B and IV-E of the Child Welfare and Adoption Assistance Act of 1980; O.C.G.A. Title 49 Chapter 2	87	14,239,840	23,392,218
Total			91	\$118,479,177	\$291,474,564

Activity*	Description	Authority	No. of Positions**	FY 2017 State Funds	FY 2017 Total Budget
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* (Listed in priority order as determined by Agency)

** Positions associated with these activities are caseworkers and support staff at district, regional, and county Division of Family and Children Services (DFCS) offices. These employees are not budgeted in the Federal Eligibility Benefits Services program but support FEBS operations. The following are approximate counts for these full-time equivalent (FTE) employees. DFCS eligibility caseworkers and caseworker supervisors: 2,892. DFCS support staff: 240.

Department of Human Services
 ZBB Program: Federal Eligibility Benefit Services

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$7,311,941	\$7,765,980	\$8,587,970
Regular Operating Expenses	416,703	695,499	419,450
Computer Charges	4,071,406	4,332,276	3,187,377
Real Estate Rentals	4,182	2,096	5,000
Telecommunications	49,601,407	48,374,605	53,029,210
Contractual Services	33,556,580	32,775,043	26,061,816
Grants and Benefits	192,986,803	182,485,738	180,009,025
Other	782,163	(776,676)	20,174,716
Total Expenditures	\$288,731,186	\$275,654,561	\$291,474,564
Fund Type			
State General Funds	\$106,658,083	\$107,245,814	\$118,479,176
Federal Funds	178,641,251	167,311,142	172,995,388
Other Funds	3,431,852	1,097,605	
Total Funds	\$288,731,186	\$275,654,561	\$291,474,564
Positions	70	72	91
Motor Vehicles	0	0	42

Department of Human Services
 ZBB Program: Federal Eligibility Benefit Services

Performance Measures

Agency Purpose:

The Department of Human Services is responsible for the delivery of social services throughout this state. The department serves all Georgia citizens through regulatory inspection, direct services and financial assistance programs.

Program Purpose:

The purpose of this program is to verify eligibility and provide support services for Medicaid, Food Stamp, and Temporary Assistance for Needy Families (TANF).

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of food stamp cases	911,760	840,815	850,628	810,670
2. Food stamp eligibility accuracy rate	95.38%	93.21%	94.75%	95.13%
3. (New) Percentage of TANF recipients that are child-only cases				
4. (New) TANF work participation rate (federal target of greater than 50 percent)				
5. (New) Number of childcare applications received				
6. (New) Number of active Medicaid cases				
7. (New) Percentage of Medicaid: Aged, Blind, or Disabled applications determined in a timely manner (state target of greater than or equal to 90 percent)				
8. (New) Percentage of Family Medicaid applications determined in a timely manner (state target of greater than or equal to 90 percent)				



FY 2018 Zero-Based Budget Analysis

Office of the Commissioner of Insurance
ZBB Program: Departmental Administration

Executive Summary

- The Departmental Administration program of the Office of the Commissioner of Insurance (OCI) manages essential support functions relating to the regulation, licensure, and support of the insurance, fire safety, and industrial loan industries in the state of Georgia.
 - The units within OCI that process the collection of insurance premium taxes and fines on insurance fraud are part of the Insurance Regulation program. Since these tasks are finance-related, OCI should consider transferring staff associated with these tasks to the Departmental Administration program.
 - New performance measures should be added to better identify the workload, efficiencies, and effectiveness of the program.
 - OCI should submit an amendment to the BudgetNet system to more accurately reflect the budgeted position count within the Departmental Administration program.
 - Prioritized program budgeting requires authorized position counts for each fiscal program. OCI should ensure expenditures relating to those positions are expensed from the appropriate program or develop a recognized cost allocation model to properly allocate expenditures among programs.
 - OCI should submit an amendment to the BudgetNet system to more accurately reflect the budgeted motor vehicle count within the Departmental Administration program.
-

Program Overview

The Office of the Commissioner of Insurance (OCI) is responsible for implementing laws and regulations pertaining to insurance, small loans, fire safety and manufactured housing, in order to protect Georgia consumers from fraud and maintain a proper insurance marketplace.

The Departmental Administration program provides support services for all programs that regulate, license, and support the insurance, fire safety, and industrial loan industries. The program's activities include executive leadership, human resources (HR), financial operations, and information technology (IT).

The executive leadership team, including the Commissioner of Insurance (the commissioner) is responsible for overseeing the department's operations. Under Georgia law, the commissioner may delegate his or her authority to employees within the department to act in the commissioner's name when administering and enforcing the state's insurance laws.

HR implements the department's hiring, training, and retention strategies. HR is also responsible for the procurement of supplies, office furniture, and vehicles.

The financial operations unit is responsible for budgeting, accounting, revenue collection, and payroll. The fiscal staff collects revenue from insurance companies that do business in the state. OCI remits collected funds to the Office of the State Treasurer (OST). In FY 2016, OCI collected \$1 billion in tax revenues.

IT manages the department's digital infrastructure, including software and electronic systems. The division also manages the new Document Management Application program to digitally scan, index, and audit forms relating to license applications, inspections, and engineering plans. Scanned documents are stored in the department's Document Management Application program for recall and analysis by the different programs within OCI.

Results and Recommendations

Consider transferring staff that process insurance premium tax collections and insurance fraud collections to the Departmental Administration program to better align program duties and responsibilities

OCI levies an insurance premium tax on each insurance company in the state. The insurance premium tax for each insurance company is based upon a percentage of the aggregate amount of insurance policy premiums held by their customers each year. OCI also investigates illegal insurance activities that are perpetrated by companies, agents, or individuals. For example, an individual inflicting intentional damage on vehicles in order to financially gain from an insurance provider would be committing insurance fraud. OCI fines individuals that participate in substantiated cases of insurance fraud. Insurance premium taxes and fines issued on substantiated cases of insurance fraud are remitted to OST.

Personnel that process these taxes and fines are part of the Insurance Regulation program. However, these employees collect revenue much like the finance staff in the Departmental Administration program. For example, staff in the Departmental Administration program collect revenues from the different types of insurance licenses. OCI should consider transferring these employees from the Insurance Regulation program to the Departmental Administration program to better align duties and responsibilities among all financial staff within OCI.

New performance measures should be added to monitor the program's overall performance

Performance measures are an integral component of the zero-based budgeting (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program but should also be appropriate and relevant to the policy goals of the agency and state as a whole. During the ZBB process, new measures were developed and evaluated to supplement existing performance measures. Measures should be updated annually in the BudgetTool system.

The following performance measures are standardized performance measures for other administrative or support programs for other state agencies within the state of Georgia.

- Number of payments processed
- Percentage of payments processed electronically
- Average number of days to process payments
- Number of audit findings
- Agency turnover rate
- Average number of business days to execute a contract

Realign position count

The number of full-time, equivalent employees listed in BudgetNet does not reflect the actual number of positions in the program. OCI should submit an amendment to their annual operating budget (AOB) to realign position count to reflect the number of positions budgeted for this program.

Expenditures relating to staff should only be expensed in the program in which those positions are part of the authorized position count

Prioritized program budgeting appropriates funds to programs according to a set of activities undertaken to carry out an agency's core business. A set number of positions are authorized in each program to carry out core business. Expenditures related to a program's authorized positions should only come from that program's budget.

OCI should ensure that expenditures related to authorized positions within the Departmental Administration program are actually expensed from the Departmental Administration program's budget. If authorized positions within the program are working on projects or activities directly related to another budget program, OCI should develop a recognized cost allocation model in which a staffer's time is appropriately expensed to the correct program.

Realign motor vehicle count

The number of motor vehicles listed in BudgetNet does not reflect the actual number in this program. OCI should submit an amendment to its AOB to realign motor vehicles to reflect the actual number of motor vehicles budgeted for this program.

Office of the Commissioner of Insurance
 ZBB Program: Departmental Administration

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Executive Leadership	Provides executive direction, leadership, and oversight for all agency activities and operations.	OCGA 45-14-1, 33-2-3	5	\$872,077	\$872,077
Human Resources	Manages the processes for recruitment, new hires, and retention. It also provides asset management, mail services, and office supply and equipment management.	OCGA 45-14-1, 33-2-3, 33-2-4	2	230,716	230,716
Financial Management	Manages the department's finances to include revenue collection, payroll, accounting, and budgeting.	OCGA 45-14-1, 33-2-3	5	598,989	598,989
Information Technology	Maintains the department's electronic systems, software, digital storage and analysis, and technological infrastructure.	OCGA 45-14-1, 33-2-3	16	224,732	224,732
Total			28	\$1,926,514	\$1,926,514

* (Listed in priority order as determined by Agency)

Office of the Commissioner of Insurance
 ZBB Program: Departmental Administration

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$1,663,352	\$1,698,678	\$1,733,739
Regular Operating Expenses	26,677	31,771	63,187
Computer Charges	65,915	82,363	79,672
Real Estate Rentals	15,827	16,130	15,827
Telecommunications	28,083	30,044	34,089
Contractual Services	7,078	7,741	
Total Expenditures	\$1,806,932	\$1,866,727	\$1,926,514
Fund Type			
State General Funds	\$1,806,932	\$1,866,727	\$1,926,514
Total Funds	\$1,806,932	\$1,866,727	\$1,926,514
Positions	31	21	28
Motor Vehicles	2	0	2

Office of the Commissioner of Insurance
ZBB Program: Departmental Administration

Performance Measures

Agency Purpose:

The Office of the Commissioner of Insurance is accountable for upholding state laws regulating insurance, small loans, fire safety, and manufactured housing.

Program Purpose:

The purpose of this appropriation is to be responsible for protecting the rights of Georgia citizens in insurance and industrial loan transactions and maintain a fire-safe environment.

Performance Measures

1. Number of payments processed (New)
2. Percentage of payments processed electronically (New)
3. Average number of days to process payments (New)

4. Number of audit findings (New)
5. Agency turnover rate (New)
6. Average number of business days to execute a contract (New)

Actuals			
FY 2013	FY 2014	FY 2015	FY 2016



FY 2018 Zero-Based Budget Analysis

Office of the Commissioner of Insurance
ZBB Program: Enforcement

Executive Summary

- The Enforcement program of the Office of the Commissioner of Insurance (OCI) provides legal advice and begins legal proceedings related to the enforcement of the state's insurance, industrial loan, and fire safety laws and regulations.
 - OCI should determine if federal funds in other programs within the department are eligible for use in the Enforcement program.
 - OCI should submit an amendment to the BudgetNet system to more accurately reflect the budgeted position count within the Enforcement program.
 - The department should adopt new or updated performance measures to better monitor the workload, efficiencies, and effectiveness of the program.
 - The Enforcement program currently utilizes one department identification code to monitor and track expenditures. OCI should develop department identification codes that are unique to the various activities within the program to better track expenditures.
-

Program Overview

The Enforcement program provides advice on all legal issues relating to the state's insurance, fire safety, and industrial loan laws and regulations. The program has six staff attorneys who make recommendations to the commissioner of insurance regarding proposed orders of administrative action against licensees or unauthorized entities that violate the state laws and regulations pertaining to insurance, fire protection and safety, or the Georgia Industrial Loan Act.

An integral part of the Enforcement program's day-to-day work consists of reviewing insurance license applications for individuals with a criminal history or past regulatory infractions. Program staff receive these license applications from the Insurance Regulation program. They then review the application for compliance with state law; determine the proper punishment, if any, within the bounds set by Georgia law; and impose the punishment (license denial or fine) on behalf of the commissioner.

Program staff also receive reports of misconduct against current licensees or others who have violated laws or regulations. Reports of misconduct are received from consumer complaints, other companies within the market, or inspections performed by the agency. Depending on the severity of the violation, staff may recommend that the commissioner deny licensure, fine the offender, or revoke a license. In

some cases, the commissioner may request that the offender appear at an administrative hearing held by the department.

The commissioner, acting through the program's attorneys, can impose fines against persons or entities who violate the state's laws related to insurance, safety fire, and industrial loans. When determining the amount of the fine, the commissioner must consider the severity of the violation and what fine amounts are permitted under Georgia law.

Additionally, OCI collects fines from Multi-State Action (MSA) lawsuits. An MSA occurs when several states collectively bring legal action against an insurance company. Each state that is part of the MSA receives a portion of the settlement. In FY 2015, the department collected and remitted \$1.4 million in fines to the Office of the State Treasurer.

The program's staff attorneys represent the agency in administrative hearings. An administrative hearing takes place when the commissioner decides to take action against an individual or company that has violated the state's insurance laws and regulations. The commissioner is the presiding officer in departmental administrative hearings. At the commissioner's discretion, the department may refer cases to the Office of State Administrative Hearings (OSAH). After hearing a case, OSAH sends a report to the commissioner, who then makes the final decision on the case. OCI pays OSAH \$5,000 annually to hear cases related to insurance, safety, fire, and industrial loans. In FY 2016, OCI referred 17 cases to OSAH.

Results and Recommendations

Determine if federal funds can be leveraged for legal services provided by the Enforcement program

The Enforcement program provides department-wide legal advice on all issues relating to insurance, fire safety, and industrial loan policy. For example, staff attorneys from the program represent the department and provide legal advice to the commissioner on issues relating to insurance regulation.

The Insurance Regulation program and the Fire Safety program receive federal and other funds to implement policy related to insurance regulation and fire safety. Since the Enforcement program advises all programs within OCI about their respective policy area, OCI should ensure they are in compliance with Spending Order policy number 4-9-1.

Realign position count

The number of full-time equivalent employees listed in BudgetNet does not reflect the actual number of positions in the program. The agency should submit an amendment to their annual operating budget (AOB) to realign position count to reflect the number of budgeted positions.

New performance measures should be added to monitor the program's overall performance

In order to increase accountability and transparency, OCI should create performance measures that will appropriately capture the scope of work performed in the program. OCI should revise current measures and add new measures to better reflect program outcomes. The below list includes two recommended measures:

- OCI should revise the performance measure regarding the number of administrative cases closed with an action. The agency should create a new performance measure to track the percentage of administrative cases that are closed with an action performed. Currently, OCI simply reports the total number of cases closed with an action within the fiscal year. By tracking the measure as a percentage, the agency will be able to more effectively report the impact of the program's services.
- The agency should develop a new performance measure that reports the number of cases that OCI refers to OSAH. Under Georgia law, the commissioner has the discretion to refer an administrative hearing to OSAH. The commissioner typically presides over hearings which are held to receive input from the public and the industry, such as hearings on proposed regulations and hearings where business mergers affect an insurance company based in Georgia (Form A hearings). However, unless there is public interest, contested cases requiring a hearing are usually referred to OSAH.

Develop department identification codes (department IDs) to monitor expenditures related to specific activities within the program

Department IDs are used to distinguish and monitor expenditures related to specific activities within a fiscal program. The Enforcement program only utilizes a single department ID: 4080418- "Enforcement." The Enforcement program should work with budget personnel in the Departmental Administration program to develop department IDs for the program's individual key activities. Department IDs developed for the key activities of the program will achieve greater fiscal accountability.

Office of the Commissioner of Insurance
 ZBB Program: Enforcement

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Internal Legal Support	Provides legal advice and counsel to the Commissioner and to the divisions in the Department. Represents the Department at administrative hearings.	OCGA 33-2-3, 33-2-5, 25-2-3, 7-3-7	4.8	\$273,243	\$273,243
Insurance License Applications	Reviews insurance license applications for individuals with a criminal history or past infractions, and makes a recommendation as to issuance of license.	OCGA 33-23-4, 33-23-5(a), 33-23-21, 7-3-8, 7-3-9	4.8	227,496	227,496
Enforcement	Recommends and implements appropriate action against all licenses, certifications, and permits issued department-wide or others who have violated statutes or regulations.	OCGA 33-2-24, 33-6-1, 25-2-1, 25-2-9, 25-2-36, 25-2-37, 25-11-16, 25-12-17, 25-12-18, 7-3-22, 7-3-23, 7-3-24	4.8	231,217	231,217
External Services	Responds to inquiries from licensees, industry representatives, and the general public.	OCGA 33-2-3, 33-2-5, 25-2-3, 7-3-7	1.6	75,832	75,832
Total			16	\$807,788	\$807,788

* (Listed in priority order as determined by Agency)

Office of the Commissioner of Insurance
 ZBB Program: Enforcement

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$648,496	\$681,775	\$704,811
Regular Operating Expenses	16,515	24,116	26,200
Computer Charges	8,507	9,720	10,208
Real Estate Rentals	61,818	61,818	61,818
Telecommunications	2,602	2,201	4,741
Contractual Services	5,980	6,041	
Total Expenditures	\$743,917	\$785,671	\$807,778
Fund Type			
State General Funds	\$743,917	\$785,671	\$807,788
Total Funds	\$743,917	\$785,671	\$807,788
Positions	8	9	16
Motor Vehicles	0	0	0

Office of the Commissioner of Insurance
ZBB Program: Enforcement

Performance Measures

Agency Purpose:

The Office of the Commissioner of Insurance is accountable for upholding state laws regulating insurance, small loans, fire safety, and manufactured housing.

Program Purpose:

The purpose of this appropriation is to provide legal advice and to initiate legal proceedings with regard to enforcement of specific provisions of state law relating to insurance, industrial loan, fire safety, and fraud.

Performance Measures

Actuals			
FY 2013	FY 2014	FY 2015	FY 2016

1. Number of cases closed with actions

524 144 197 307

2. Fines collected

\$4,445,493 \$2,492,703 \$1,412,534 \$275,506

3. Number of cases referred to the Office of
Administrative Hearings (OSAH) (New)



FY 2018 Zero-Based Budget Analysis

Georgia Bureau of Investigation

ZBB Program: Bureau Administration

Executive Summary

- The Georgia Bureau of Investigation's (GBI) Bureau Administration program provides administrative, financial, policy and accreditation compliance, human resources, and facilities management support to the department.
 - The program purpose statement should be updated to accurately reflect the program's responsibilities and use of funds.
 - The department will report new performance measures to better demonstrate the workload and effectiveness of the program.
-

Program Overview

The Georgia Bureau of Investigation (GBI) serves as the primary state-level investigative and enforcement department in Georgia's fight against crime and corruption. Upon request, GBI provides investigative and enforcement support services to local, state, and federal law enforcement agencies throughout Georgia. In addition to conducting general and specialized investigations, GBI provides forensic laboratory services and serves as Georgia's central repository for criminal history records.

The Bureau Administration program provides centralized support to department operations through executive leadership, financial management, legal services, human resources, and facility and fleet management. Additionally, the program provides human resources and financial management support to the Criminal Justice Coordinating Council. The program supports the department's 830 employees, 26 facilities, and 450 vehicles.

Results and Recommendations

Program Purpose Statement

The Bureau Administration program's purpose statement currently reads, "The purpose of this appropriation is to provide the highest quality investigative, scientific, information services, and resources for the purpose of maintaining law and order and protecting life and property." This statement is misleading because it implies that the program is directly responsible for providing investigative, scientific, and information services to state and local law enforcement agencies.

The program purpose statement should be altered to read, “The purpose of this appropriation is to provide administrative support and oversight to the department’s Criminal Justice Information System, Regional Investigative Services, and Forensic Scientific Services programs.” This change will more accurately describe the program’s function and be consistent with other administrative purpose statements.

New performance measures should be added to monitor the program’s overall performance

The following performance measures will help illustrate the workload and efficiencies associated with administrative program activities. Performance measures should be annually updated into the BudgetTool System.

- Accounts payable transactions processed by GBI
- Accounts payable transactions processed for CJCC

Georgia Bureau of Investigation
 ZBB Program: Bureau Administration

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Executive Leadership	Prepare and guide the development of the agency's processes and business operations; Oversees the agency's strategy, budget, public affairs, projects, and provides leadership to all agency programs.	O.C.G.A. 35-3-5	5	\$1,149,296	\$1,150,728
Financial Management	Provides budget, revenue, procurement, and accounting support to the agency and attached agencies; ensures that federal and state requirements are met; reports financial and tax information.	O.C.G.A. 35-3-5	17	2,430,232	2,435,100
Human Resources	Provides both operational and strategic services for recruitment and selection of new hires; oversees benefit administration; provides support and assistance to agency employees.	O.C.G.A. 35-3-3	8	1,088,934	1,091,225
Legal Compliance	Manages open records requests, and coordinates GBI accreditations, privacy issues, and Bingo unit operations; Investigates allegations of misconduct against GBI employees.	O.C.G.A. 35-3-5, 50-18-70 to 50-18-76	6	987,867	989,586
Facility Support Services	Provides oversight of all maintenance and repairs of the GBI facilities throughout the state; Manages capital construction projects, fleet management, asset management, and the GBI mailroom.	O.C.G.A. 35-3-5	8	2,493,893	2,496,184
Total			44	\$8,150,222	\$8,162,822

* (Listed in priority order as determined by Agency)

Georgia Bureau of Investigation
 ZBB Program: Bureau Administration

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Regular Operating Expenses	1,624,862	850,516	825,183
Motor Vehicle Purchases	35,418	43,098	
Equipment	72,998	40,315	5,500
Computer Charges	424,482	476,023	411,493
Real Estate Rentals			
Telecommunications	662,268	722,777	1,272,788
Contractual Services	1,627,190	1,551,616	1,366,681
Total Expenditures	\$7,969,556	\$7,521,082	\$8,162,822
Fund Type			
State General Funds	\$7,681,698	\$7,327,204	\$8,150,222
Federal Funds	\$32,895	\$5,221	\$12,600
Other Funds	\$254,963	\$188,657	
Total Funds	\$7,969,556	\$7,521,082	\$8,162,822
Positions	43	43	43
Motor Vehicles	15	15	15

Georgia Bureau of Investigation
 ZBB Program: Bureau Administration

Performance Measures

Agency Purpose:

The Georgia Bureau of Investigation (GBI) is an independent, statewide agency that provides assistance to the state's criminal justice system in the areas of criminal investigations, forensic laboratory services and computerized criminal justice information.

Program Purpose:

The purpose of this appropriation is to provide administrative support and oversight to the department's Criminal Justice Information System, Regional Investigative Services, and Forensic Scientific Services programs.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Percentage of electronic payments	37.80%	48.50%	55.50%	59.70%
2. Accounts payable transactions processed by GBI (New)	9,427	8,964	10,041	9,943
3. Accounts payable transactions processed for CJCC (New)	16,658	16,643	20,328	22,088
6. Department turnover rate	12.24%	6.79%	5.35%	5.93%
7. Number of open records requests fulfilled	2,994	2,797	3,454	3,571
8. Number of audit findings	1	0	0	N/A



FY 2018 Zero-Based Budget Analysis

Department of Natural Resources

ZBB Program: Departmental Administration

Executive Summary

- The Departmental Administration program of the Department of Natural Resources (DNR) lends leadership, financial guidance and assistance, technical tools, and human resource services to DNR's eight subsidiary programs, located statewide.
 - DNR should transfer the Construction and Engineering and Real Estate departments to the Departmental Administration program.
 - DNR should examine grants administration staffing within its programs and identify areas where internal service delivery could be improved.
 - The department should streamline the vehicle request process between DNR and its subsidiary program, the Environmental Protection Division (EPD).
 - DNR should consider allocating telecommunications infrastructure costs across its subsidiary programs.
 - The department should report new performance measures to better demonstrate the workload of the program.
-

Program Overview

The Departmental Administration program consists of Department of Natural Resources (DNR) leadership and administrators who provide agency policymaking guidance, budget and accounting services, procurement and fleet management, technical support, and human resources direction to the entire agency. The program coordinates with federal government programs and grant providers to streamline service delivery and funding initiatives. The Departmental Administration program currently has 62 full-time employees, who support the department's 1,600 employees and \$280 million budget.

The purpose of this review is to ensure that the program is functioning efficiently and effectively.

Results and Recommendations

Transfer the Departments of Engineering and Construction and Real Estate to the Departmental Administration Program

Currently, the Engineering and Construction and Real Estate departments are listed under the respective programs of Parks, Recreation, and Historic Sites and Wildlife Resources. However, both of these departments serve DNR agency-wide. The Engineering and Construction department handles the

administration of the entire DNR general obligation bond catalogue as well as any new construction or maintenance projects on DNR property. The Real Estate department handles all DNR property transactions across all programs.

Both of these departments serve an administrative role across all programs; therefore, DNR should transfer these departments to the Departmental Administration program. Both departments are centrally located at DNR headquarters in Atlanta, and a transition to the Departmental Administration program will eliminate any administrative confusion regarding hierarchical structure.

DNR Grants Administration

The Department of Natural Resources receives federal grants in which there are financial and programmatic requirements. Staff within the Departmental Administration program fulfill the financial requirements of the grants, and staff in other programs perform the programmatic requirements such as grant project initiatives. As a result, grant administration is compartmentalized between two entities. The financial and program staff should continue developing efficiencies to ensure compliance and improve service delivery.

Grant Fleet Management Software Access to the Environmental Protection Division

Currently, the Environmental Protection Division (EPD) operates within DNR infrastructure as a subsidiary program of the department. However, EPD has its own fleet management staff, finance director, and a sizeable fleet of 241 active vehicles. Although this staffing is in place, EPD must submit vehicle requests through DNR Departmental Administration fleet management to request new or replacement vehicles. In turn, DNR must again process and submit EPD's vehicle requests via the State of Georgia Fleet Management System, causing the duplication of services. This can be problematic at times, as EPD vehicles are often funded by different fund sources and need separate vehicle specifications from that of a DNR-specific vehicle. As a result, vehicle requests are periodically inaccurate due to miscommunication between administrative staff at EPD and DNR.

DNR should give EPD fleet management access to the State of Georgia Fleet Management System. This will improve the time it takes to get a vehicle in operation and will bypass any duplicative services and miscommunication between the two entities.

Evaluate Telecommunications Cost Structure

All agency costs associated with IT infrastructure services (end-user computing, servers, storage, mainframe, and print) are expensed to the Departmental Administration program. The agency should develop a method to prorate infrastructure costs across all programs.

New Performance Measures Should be Added to Monitor the Program's Overall Performance

Performance Measures are an integral component of the Zero Based Budget (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program, but should also be appropriate and relevant to the policy goals of the agency and state as a whole. Through ZBB analysis, new measures were developed and evaluated.

The following is a list of new performance measures. OPB will continue to work with DNR to ensure new performance measures are annually updated into the BudgetTool System.

- Amount of grant funding processed
- Agency turnover rate
- Percent of vendor transactions processed electronically

Department of Natural Resources
 ZBB Program: Departmental Administration

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Financial Services	Provides budget and accounting support to the agency and attached agencies; ensures that federal and state requirements are met; reports financial and tax information; produces the financial reports necessary to maintain and disburse federal grants; provides procurement and purchasing support for the agency's programs; manages and assesses agency vehicle and equipment fleet needs and maintenance; processes payroll transactions; coordinates with state agencies and legislature to produce budgets.	OCGA 12-2-1 et seq.	34	\$5,334,530	\$5,373,595
Information Technology	Provides technology needs for the agency; maintains agency and program websites; maintains agency internal servers; services customized applications for internal customers; designs and maintains 89 databases.	OCGA 12-2-1 et seq.	7	4,412,332	4,412,332
Human Resources	Provides both operational and strategic services; designs and delivers processes for recruitment and selection of new hires; oversees benefit administration; provides support and assistance to agency employees; coordinates with conservation volunteers and stakeholders.	OCGA 12-2-1 et seq.	9	889,065	889,065
Executive Office	Provides direction, policy, guidance, legal expertise, and oversight for all agency activities and operations. Coordinates with board members to streamline policy and agency initiatives; informs and advises General Assembly members and stakeholders on agency operations and needs; provides special counsel to the Governor concerning environmental matters affecting the state.	OCGA 12-2-1 and 48-14-4	12	1,483,595	1,483,595
Total			62	\$12,119,522	\$12,158,587

* (Listed in priority order as determined by Agency)

Department of Natural Resources
 ZBB Program: Departmental Administration

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$6,313,783	\$6,418,126	\$6,792,095
Regular Operating Expenses	307,325	324,091	273,974
Equipment			28,000
Computer Charges	658,165	1,062,926	861,319
Real Estate Rentals	395,976	396,039	192,225
Telecommunications	3,647,345	3,544,737	3,859,687
Contractual Services	40,122	75,605	51,287
Transfers		3,467	
Payment to McIntosh County	100,000	100,000	100,000
Total Expenditures	\$11,462,716	\$11,924,991	\$12,158,587
Fund Type			
State General Funds	\$11,459,482	\$11,857,376	\$12,119,522
Other Funds	3,234	67,615	39,065
Total Funds	\$11,462,716	\$11,924,991	\$12,158,587
Positions	62	62	62
Motor Vehicles	9	9	9

Department of Natural Resources
 ZBB Program: Departmental Administration

Performance Measures

Agency Purpose:

The Department of Natural Resources' purpose is to sustain, enhance, protect and conserve Georgia's natural, historic and cultural resources for present and future generations, while recognizing the importance of promoting the development of commerce and industry that utilize sound environmental practices.

Program Purpose:

The purpose of this program is to provide administrative support to all programs of the department.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Amount of grant funding processed (New)	\$81,831,635	\$93,054,064	\$86,413,631	\$81,698,177
2. Agency turnover rate (New)	22%	19%	10%	5%
3. Percent of vendor transactions processed electronically (New)	29%	40%	50%	52%



FY 2018 Zero-Based Budget Analysis

State Properties Commission

ZBB Program: Georgia Building Authority

Executive Summary

- The Georgia Building Authority (GBA) manages a portfolio of administrative office space, parking facilities, parks and plazas, and warehouses through maintenance and renovations, custodial services, landscaping, and access control for buildings and parking areas.
 - GBA should continue its efforts to improve overall customer satisfaction.
 - The department should report select performance measures, which are currently tracked internally, to OPB.
-

Program Overview

The Georgia Building Authority (GBA) is responsible for the maintenance, renovation, and management of buildings and other facilities, including the State Capitol, which are primarily located on Capitol Hill. GBA manages 32 buildings, 15 parking facilities, six historic cemeteries, five parks and plazas, and two warehouse complexes, which total to over seven million square feet.

The authority provides preventative and other maintenance of office space; supplies building equipment, buildings, and other structures through direct and contracted services; and conducts capital project and master planning activities related to the layout of Capitol Hill. GBA assists tenants through space planning, design, and leasing services. In addition, the authority operates a central energy plant which provides utilities, including electrical, natural gas, and water, to certain Capitol Hill buildings. The workload of the Georgia Building Authority may increase as state-owned property on Capitol Hill continues to age.

GBA provides and manages access control systems for buildings, office space, and parking facilities on Capitol Hill. It owns and operates parking facilities for state employees and manages daily parking for visitors through state and contracted parking services. State employees pay monthly for parking at a GBA facility. The authority also provides custodial and landscaping services, such as maintenance at the Governor's Mansion and the Capitol Hill recycling program.

Because GBA does not receive a direct state appropriation, the authority relies on payments derived primarily from rents and parking fees to fund its budget of approximately \$36 million. Large

expenditures incurred by GBA in FY 2016 include \$7.8 million for Capitol Hill security and \$1.75 million to fund the State Properties Commission.

Results and Recommendations

Continue to Improve Customer Satisfaction

The Georgia Building Authority has set an internal goal of improving customer satisfaction to a rate of 92 percent by Fiscal Year 2017. GBA has increased customer satisfaction ratings year over year in three services areas: facilities maintenance, parking services, and cafeteria services. GBA's total work orders processed in FY 2014 and FY 2015 remained relatively stable at 10,060 and 10,228, respectively. The authority's implementation of preventative maintenance procedures and emphasis on data management have contributed to this stability.

The Georgia Building Authority generated over \$1.5 million in revenue from daily parking operations, with monthly permits generating \$95,000 per month. GBA manages a total of 5,869 parking spaces.

Eurest Dining, the Capitol Hill food service provider, generated over \$4.1 million in profit in FY 2015, with sales at the Twin Towers Cafeteria increasing 11 percent from FY 2014 to FY 2015.

The authority serves a large number of individuals and should continue its efforts to improve customer satisfaction.

Update Performance Measures

GBA tracks measures internally but does not report them to the Office of Planning and Budget (OPB). The authority should work with OPB to report select measures, which are already being tracked and which demonstrate the authority's outputs and effectiveness.

State Properties Commission
 ZBB Program: Payments to the Georgia Building Authority

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget**
Facilities Management	Manages custodial services contracts and custodial services for Capitol Hill facilities. Provides preventative, short-term, and long- term maintenance of office space, building equipment, buildings, and other structures through direct and contracted services, capital project activities, and master planning. Operates a central energy plant that provides utilities including electrical, natural gas, and water to certain Capitol Hill buildings. Provides landscaping and grounds maintenance for Capitol Hill office buildings, plazas, and Governor’s Mansion, includes operating Capitol Hill recycling program. Provides oversight of contract management services. Procures, receives, and disposes of property or services in accordance with applicable procurement policies. Provides and manages access control for buildings, office space, parking facilities. Oversees food services contract which provides two campus cafeterias and catering services on Capitol Hill. Manages special events and rentals of public areas on Capitol Hill.	OCGA 50-9-1 et seq.	175		\$31,490,777
Administration	Provides direction, guidance, oversight, and master planning for all agency activities and operations. Provides fiscal oversight in Finance, Accounting, Budgeting, Fiscal Management, Human Resources, IT and Payroll to support agency functions and ensure compliance with all state and accounting reporting requirements.	OCGA 50-9-1 et seq.	41		5,009,223
Total			216	\$0	\$36,500,000

* (Listed in priority order as determined by Agency)

** Budget represents the Georgia Building Authority's operations and not Payments to the Georgia Building Authority. The Authority does not receive a state appropriation

State Properties Commission
 ZBB Program: Payments to the Georgia Building Authority

Financial Summary

Objects of Expenditure	Expenditures*		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$10,858,966	\$11,201,196	\$12,205,000
Regular Operating Expenses	11,796,005	11,377,133	12,001,148
Motor Vehicle Purchases	52,465	57,771	60,000
Equipment	60,528	169,778	80,000
Computer Charges	626,294	646,309	700,000
Real Estate Rentals	15,740	15,433	16,000
Telecommunications	152,743	166,149	158,000
Contractual Services	3,384,527	3,459,115	3,500,000
Payments to Department of Public Safety	7,417,067	6,759,270	7,779,852
Total Expenditures	\$34,364,335	\$33,852,154	\$36,500,000
Fund Type			
Other Funds	\$34,364,335	\$33,852,154	\$36,500,000
Total Funds	\$34,364,335	\$33,852,154	\$36,500,000
Positions	216	216	216
Motor Vehicles	51	51	50

* Expenditures are based on Georgia Building Authority's operating budget not Payments to the Georgia Building Authority. The Authority does not receive a state appropriation.

State Properties Commission
ZBB Program: Payment to the Georgia Building Authority

Performance Measures

Agency Purpose:

The State Properties Commission serves as the State's real estate portfolio manager by managing the acquisition and disposition of all State owned real property or property interests.

Program Purpose:

The purpose of this program is to provide maintenance, repairs, and preparatory work on property owned by the Georgia Building Authority.

Performance Measures*

Actuals			
FY 2013	FY 2014	FY 2015	FY 2016

*GBA tracks measures internally, but GBA does not currently report measures to OPB.



FY 2018 Zero-Based Budget Analysis

State Properties Commission

ZBB Program: State Properties Commission

Executive Summary

- The State Properties Commission manages the portfolio of state owned property, primarily through asset management, space management, lease transactions and land transactions.
- SPC should continue its efforts to adhere to industry best practices to maximize the benefits of Georgia's real estate portfolio.
- SPC should continue to work with GSFIC to understand the capacity around multi-year leases.

Program Overview

The State Properties Commission (SPC) is the state's real estate portfolio manager and is responsible for both the acquisition and transfer of ownership of all state-owned real property. Real property consists, for example, of buildings or land. SPC offers guidance and assistance—primarily related to asset management, space management and transaction management—to state of Georgia entities in an effort to maximize the value of Georgia's real estate portfolio. SPC also provides leasing assistance to state entities and is responsible for the inventory of all state-owned and leased real property.

SPC maintains a comprehensive inventory of all state-owned buildings, along with their size, use, and location. The state currently has in its inventory 14,635 state-owned buildings and 1,871 state leases for buildings, with the total amount of insured real property assets at \$33.1 billion. SPC further manages over 657,000 acres of state-owned and leased land.

SPC's operating budget for fiscal year 2016 was \$1,750,000. However, the commission does not receive a direct state appropriation; rather it is funded by proceeds from the Georgia Building Authority.

Results and Recommendations

Implement Industry Best Practices

The State Properties Commission should continue to pursue industry best practices in its three main areas of expertise: asset management, space management, and transaction management.

Through asset management, SPC evaluates currently owned and leased real property for the state and provides recommendations aimed at better utilization of the state's current real estate portfolio. The Department of Corrections utilizes the largest amount of state facility space, followed by the Technical

College System of Georgia. With 53 percent of Georgia's state owned buildings 40 years old or older, SPC should continue to assist in the strategic management of aging resources.

SPC also offers professional space planning services to state entities in order to maximize their office needs. In FY 2016 the SPC board adopted new space standards, which provide guidance on how much space is needed for employees by position and for conference rooms; the new standards resulted in an 8 percent reduction in recommended space usage. The goal of the new space standards is to increase building occupancy, maximize the utilization of space to create more efficient work environments, improve the value of state-owned and leased space, and provide a cost-efficient workspace for state entities.

Multi-Year Leases

The leasing division provides a range of leasing services to state entities seeking administrative space in commercial or state-owned space. Services include locating and procuring new lease locations, as well as renewing or renegotiating existing lease agreements. SPC executes all new lease agreements on behalf of the state and assigns the space to the state entity in need of the administrative space.

During the 2012 legislative session, the General Assembly amended the state Constitution to allow SPC to enter into multi-year leases. In FY 2015, SPC executed 14 multi-year leases, with a total contract obligation of \$25,369,000; these leases will result in a cost avoidance to the state of \$5,615,800. The commission should continue to work with GSFIC to understand the capacity around multi-year leases.

Performance Measures

SPC should monitor its processes and continue to look for ways to improve upon efficiency to better serve its customers, including more effective communication with agencies throughout the process.

State Properties Commission
 ZBB Program: State Properties Commission

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Portfolio Asset/Management	Strategic functions and oversight of the State's real estate portfolio. Evaluates the value or interest of currently owned and leased real property assets and recommends changes that will potentially increase its value to the State or its market value to the commercial sector.	OCGA 50-16-30 et. seq.	4		\$844,437
Space Management	Maximizes the utilization of administrative office space to create efficient work environments for state agencies. Uses the State Property Commission's Space Standards to offer planning services to State entities in meeting their space needs. Determines square footage requirements and prepares schematic floor plans to guide the space layouts for state agencies.	OCGA 50-16-30 et. seq.	3		252,275
Transaction Management - Land	Ensures that all acquisitions and dispositions of land in the state's name meet the legal, policy and process requirements of the State. Acquisitions includes fee simple interests, conservation easements, access easements, and ground leases. Dispositions includes licenses, easements, short and long term ground leases and fee simple conveyances.	OCGA 50-16-30 et. seq.	3		317,824
Transaction Management - Leasing	Provides oversight for the State's leased property portfolio. Services include locating and procuring new leased locations to renewing or amending existing agreements as well as managing the State's lease inventory. Seeks responses from prospective landlords interested in providing administrative space to meet the current and future needs of the agency.	OCGA 50-16-30 et. seq.	5		565,464
Total			15	\$0	\$1,980,000

* (Listed in priority order as determined by Agency)

State Properties Commission
 ZBB Program: State Properties Commission

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$1,296,310	\$1,468,357	\$1,657,700
Regular Operating Expenses	44,500	63,750	53,300
Computer Charges	20,053	26,157	30,000
Real Estate Rentals	98,153	81,075	75,000
Telecommunications	10,500	14,061	14,000
Contractual Services	346,134	174,256	150,000
Total Expenditures	\$1,815,651	\$1,827,657	\$1,980,000
Fund Type			
Other Funds	\$1,815,651	\$1,827,657	\$1,980,000
Total Funds	\$1,815,651	\$1,827,657	\$1,980,000
Positions	14	15	15
Motor Vehicles	0	0	0

State Properties Commission
 ZBB Program: State Properties Commission

Performance Measures

Agency Purpose:

The State Properties Commission serves as the State’s real estate portfolio manager by managing the acquisition and disposition of all State owned real property or property interests.

Program Purpose:

The purpose of this program is to maintain long-term plans for state buildings and land; to compile an accessible database of state-owned and leased real property with information about utilization, demand management, and space standards; and to negotiate better rates in the leasing market and property acquisitions and dispositions.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Percentage of surplus property sold at or above market rate	100%	100%	100%	100%
2. Percentage of property acquired at or below market rate	100%	100%	100%	100%
3. Percentage of leases executed at or below prevailing market rate	100%	100%	100%	100%



FY 2018 Zero-Based Budget Analysis

Department of Public Health

ZBB Program: Adolescent and Adult Health
Promotion

Executive Summary

- The Department of Public Health's (DPH) Adolescent and Adult Health Promotion (AAHP) program is responsible for providing education and services that promote the overall health and well-being of the state's citizens.
 - In 2014, the Family Planning division of the AAHP implemented a sliding fee scale based on income which provides another revenue source to fund its services.
 - The department should reconcile employee counts in BudgetNet.
 - The department will report new performance measures to better demonstrate the workload and effectiveness of the program.
-

Program Overview

The Department of Public Health's (DPH) Adolescent and Adult Health Promotion (AAHP) program is responsible for providing education and services that promote the overall health and well-being of the state's citizens. The program accomplishes this goal by providing Georgians with access to tobacco use prevention resources and education, cancer screening and treatment, reproductive education courses, and chronic disease prevention resources. The program's services are delivered through DPH's 159 county health departments located throughout the state.

The program is funded with state, federal, and other funds. Federal funds are received by the Department of Health and Human Services (HHS) through the Temporary Assistance for Needy Families (TANF), Maternal and Child Health Services, and Preventive Health and Health Services grants. AAHP disperses state and federal funds to counties in 18 public health districts based on program activities and need.

Forty-seven employees coordinate the program's activities. Several years ago, AAHP adopted an initiative from the Centers for Disease Control and Prevention (CDC) to implement evidence-based, or proven, interventions in the state to prevent the spread of chronic disease. The CDC initiative aims to bring about statewide policy and environmental changes in the areas of tobacco use and chronic disease prevention, cancer screening and treatment, and reproductive education. AAHP partners with local

government agencies, non-profit and faith-based organizations, school systems, and after school programs. The FY 2017 operating budget supports the activities listed below.

Family Planning

The Family Planning division offers health care services to eligible females of reproductive age who otherwise may not have access to family planning services. The services include physical exams, pregnancy testing and counseling, provision of contraceptives, and screening and treatment for sexually transmitted infections (STIs). In 2014, DPH implemented income verification and a sliding fee scale in all public health districts for adults using their services. These fees provide the program with another source of revenue to fund its services.

Cancer Screening and Treatment

The program provides access to breast, cervical, and colorectal screening and diagnostic services to low-income, underinsured, or uninsured individuals. Public health nurses perform the screenings, such as pap smears and clinical breast exams, at county health departments. Each Public Health district contracts with local clinical laboratories, breast surgeons, radiologists and primary care providers to diagnose the screenings and, if necessary, treat the patient. County health department staff also follow up with patients as they transition from screenings to cancer treatment. The program screens approximately 15,000 women for breast cancer and 65,000 women for cervical cancer each year.

Tobacco Use Prevention

The program contracts with a national vendor to provide the Georgia Tobacco Quit Line (GTQL), a telephone and web-based counseling service to help end tobacco use. GTQL is the state's primary resource for this purpose, with approximately 33 percent of its users reporting that they are tobacco free after six months. In FY 2015, over 12,000 Georgia residents were registered with the GTQL. The program also implements community strategies to prevent tobacco use among adolescents and young adults, as well as to reduce exposure to secondhand smoke. For instance, 103 school districts and 46 colleges and universities have adopted 100 percent tobacco-free campuses.

Adolescent Health and Youth Development Courses (AHYD)

The AHYD division offers youth development workshops to Georgia children and teenagers. Thirteen youth development coordinators (YDCs) partner with school systems, county and community agencies, and after school programs to deliver the workshops. In FY 2016, over 3,200 adolescents completed one of the youth development programs. The program also partners with the Georgia Division of Family and Children Services (DFCS) to deliver courses specifically on reproductive education and healthy relationships. As of FY 2016, 900 adolescents have graduated from this program.

Chronic Disease Prevention

The AAHP program is responsible for providing education to citizens to prevent and control chronic diseases, including asthma, diabetes, and heart disease. The program fulfills this responsibility by

providing hypertension and diabetes management courses in county health districts. The program also administers asthma management strategies, such as the Asthma Action Plan which teaches individuals how to recognize the early signs of an asthma attack and the actions to take during one.

The purpose of this review is to assess the program's activities against its statutory responsibilities, purpose, cost to provide services, and desired performance outcomes.

Results and Recommendations

Modify performance measures

In order to increase accountability and transparency, the department should implement performance measures that will appropriately capture the scope of work performed in AAHP. The following list highlights a few examples of new measures to better capture program performance:

- DPH should implement a new performance measure to examine the percentage of eligible women that receive a Long-Acting Reversible Contraceptive (LARC) from a county health department. In FY 2017, the program received an appropriation of \$651,897 in state funds to purchase LARCs for the Family Planning program. Given the substantial amount of state funds dedicated to this form of contraception, DPH should implement a performance measure to track the percentage of eligible women that are receiving this service.
- DPH should discontinue tracking performance measures regarding the number of adolescents that receive services from a teen center and the percentage of TANF monies used to fund teen centers. The program has not offered its adolescent health and youth development courses through teen centers since FY 2008. Now the courses are offered through partnerships with local after school programs, faith-based organizations, and community agencies.
- DPH should revise the performance measure regarding the number of school systems to adopt a tobacco-free policy. The agency should implement a new performance measure to track the percentage of school systems in the state that have accepted a smoke-free policy. Currently, the performance measure simply gives a list of the total number of school systems that have a tobacco-free policy. By tracking the performance measure as a percentage, DPH will be able to more effectively report the impact of the program's services.

Realign position counts

The number of full-time, equivalent employees listed in BudgetNet does not reflect the actual number of positions in this program. The agency should submit an amendment to their annual operating budget (AOB) to realign position count to reflect the number of positions budgeted for this program.

Department of Public Health
 ZBB Program: Adolescent and Adult Health Promotion

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Family Planning	Provides access to health care services for teens and women of reproductive age. The services are offered at county health departments and include pregnancy testing, physical exams, life planning, and screening for Sexually Transmitted Infections (STIs).	OCGA 31-2A-4	34.0	\$2,057,505	\$11,728,101
Education and Support	Supports communities in creating and adopting policies that reduce the burden of chronic disease throughout the state.	OCGA 31-2A-4	29.0	820,329	7,804,962
Diagnostic and Treatment Services	Provides access to early screening, detection, and treatment services for chronic diseases like asthma, diabetes, heart disease, and cancer.	OCGA 31-2A-4	13.5	1,450,037	9,906,396
Adolescent and Youth Development	Provides youth development courses on reproductive education, tobacco prevention, healthy eating habits, and regular exercise to adolescents and children.	OCGA 31-2A-4	7.5	2,239,446	4,197,818
Total			84.0	\$6,567,317	\$33,637,277

* (Listed in priority order as determined by Agency)

Department of Public Health
 ZBB Program: Adolescent and Adult Health Promotion

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$4,472,152	\$4,005,091	\$4,298,074
Regular Operating Expenses	2,919,583	2,043,510	1,159,001
Computer Charges	19,716	473	13,263
Real Estate Rentals	50,148	21,019	33,629
Telecommunications	323,755	430,325	31,640
Contractual Services	7,469,223	7,359,626	11,397,819
Grants and Benefits	17,870,475	17,424,074	16,703,851
Claims and Judgments	5,000		
Total Expenditures	\$33,130,052	\$31,284,118	\$33,637,277
Fund Type			
State General Funds	\$4,336,520	\$3,740,153	\$6,567,317
Tobacco Funds	6,835,272	6,857,179	6,857,179
Federal Funds	20,549,887	20,084,256	19,467,781
Other Funds	1,408,373	602,529	745,000
Total Funds	\$33,130,052	\$31,284,118	\$33,637,277
Positions	51	47	47
Motor Vehicles	0	0	0

Department of Public Health
 ZBB Program: Adolescent and Adult Health Promotion

Performance Measures

Agency Purpose:

The Department of Public Health prevents disease, injury, and disability; promotes health and well-being; and prepares for and responds to disasters.

Program Purpose:

The purpose of this program is to provide education and services to promote the health and well-being of Georgians. Activities include preventing teenage pregnancies, tobacco use prevention, cancer screening and prevention, and family planning services.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of school systems that adopt the evidence-based, 100% Tobacco Free School policy	93	98	103	116
2. Number of students attending schools designated as smoke free campuses	1,238,047	1,301,425	1,320,830	1,442,291
3. Number of registered callers to the Georgia Tobacco Quit Line	14,196	14,103	12,399	15,778
4. Number of adolescents ages 10-19 that complete evidenced based programs focused on adolescent health and youth development	5,010	2,740	2,908	3,271
5. Percentage of federally funded screening mammograms provided to women between 50-64 years of age	91.40%	89.00%	83.40%	74.90%
6. Percentage of abnormal colorectal screening test results with diagnostic follow-up treatment	98.40%	99.33%	77.30%	N/A
7. Percentage of colorectal cancers diagnosed with treatment initiated	N/A	100.00%	100.00%	N/A
8. Percentage of initial pap tests provided to individuals who have never or rarely been screened for cervical cancer	31.40%	32.70%	33.30%	31.20%
9. Percentage of patients receiving final diagnosis of breast cancer after treatment has been initiated	98.50%	97.00%	93.70%	94.90%
10. Percentage of schools that adopt the evidence based, 100% Tobacco Free School policy (New)				
11. Percentage of eligible women receiving Long-Acting Reversible Contraceptives (New)				



FY 2018 Zero-Based Budget Analysis

Board of Regents of the University System of
Georgia

ZBB Program: Agricultural Experiment
Station

Executive Summary

- The Agricultural Experiment Station program supports agricultural research in Georgia in an effort to improve crop and livestock production.
 - The agency should better reflect the program's budget and expenditures by utilizing the standard object classes.
 - The agency should work with OPB to accurately reflect the anticipated other funds prior to the appropriations process.
 - The program will report the percentage of research proposals approved and the percentage of research proposal funds awarded as new performance measures to better demonstrate the workload and effectiveness of the program.
 - The agency should report the motor vehicle count in the enterprise budget system.
-

Program Overview

The federal Hatch Act of 1887 created agricultural experiment stations to improve the efficiency of the agricultural industry. In the state of Georgia the Agricultural Experiment Station (AES) program provides the necessary research and information for the Cooperative Extension Services (CES) program and also supports the \$74.3 billion agricultural industry in Georgia. The College of Agricultural and Environmental Sciences (CAES) at the University of Georgia (UGA) manages the AES program and operates the three agricultural experiment stations—College Station (Athens campus), Coastal Plain Station (Tifton campus), and Georgia Station (Griffin)—and six regional Research and Education Centers (REC) in Georgia.

Recognized in 1950, College Station serves as the headquarters of UGA's AES. Researchers at College Station have access to the Plant Genome Mapping Laboratory; Soil, Plant, and Water Labs; Feed and Environmental Water Lab; and Pesticide and Hazardous Waste Lab. Current ongoing projects include genetic engineering of crops that are more resistant to pests and diseases, biological control of insect

pests, and research to improve food packaging. The Athens campus manages the J. Phil Campbell Sr. Research and Education Center.

Located at the Tifton campus of UGA, Coastal Plain Station opened in 1919. In addition to the 7,000 acres in Tifton, the Coastal Plain Station includes research farms and centers in the cities of Attapulgus, Camilla, Lyons, Midville, and the town of Plains. Research at the Coastal Plain Station centers around coastal plain agriculture, as well as improving ways to grow more traditional crops and livestock. In an effort to produce better research results, researchers at UGA have been collaborating since 1924 with scientists of the United States Department of Agriculture's Agricultural Research Service who are based at the station. The Tifton campus manages the Southwest Georgia Plains, Southeast Georgia Midville, and Attapulgus RECs.

Located at the Griffin campus of UGA, Georgia Station focuses research on food safety, improving food quality, biotechnology, genetics, crop and pest management, natural resources, and urban agriculture. The AES program has played an integral role in the development of agriculture in Georgia. Researchers at the Georgia Station discovered the deep-furrow method of planting winter oats, have bred numerous crop varieties, and developed the technology for frozen foods. The Griffin campus manages the Georgia Mountain and Northwest RECs.

CAES allocates funding to the three experiment stations based on factors such as historic funding levels, specific needs and requirements, the amount of research produced, and the number of grants received by researchers. In FY 2016, 45.9 percent of all the research produced in the AES program was conducted at the College Station, 30.9 percent at the Coastal Plain Station, and 23.2 percent at the Georgia Station. In FY 2016, CAES allocated 51.3 percent of the total AES budget to College Station, 25.4 percent to Coastal Plain Station, and 23.3 percent to Georgia Station. Approximately 45.9 percent of all AES employees are based at the College Station, 30.9 percent are based at the Coastal Plain Station, and 23.2 percent are based at the Georgia Station.

In FY 2017, the program's 430 full-time staff consist of 193 non-research staff, which includes positions such as administrative staff, farm managers, accountants, and business managers; 171 research professionals and research support staff, such as research assistants and lab technicians; and 66 professors.

Research may start from a researcher's own interests, through requests from the state or local governments, or through a private contract with public or private organizations. Once a researcher has a research topic, he or she will contact an experiment station and inquire whether that particular experiment station can house the research. Once leadership approves the project outline, the REC allots a plot of land depending on the nature of the research. Plots that are available for research vary in size ranging from 10 meters by 10 meters to several hundred acres of pastureland with hundreds of cattle. RECs maintain accurate records of all research conducted so that past research may serve as a reference for future research.

When researchers develop new intellectual property, the ownership of the property may depend on several factors such as the source of funding for the research and the terms of a contract or a research agreement. When UGA funds the research entirely, the University of Georgia Research Foundation, Inc. (UGARF) owns any resulting intellectual property. The UGARF files for patents or other protections. UGARF generally will not sell products that commercialize intellectual properties owned by UGA, but it

will license products to outside parties for royalty. In 1997, the Georgia Seed Development Commission (GSDC) and UGARF made an agreement, by which GSDC and UGARF jointly issue licenses on plant varieties developed by UGA researchers; GSDC manages the royalty assessment and fee collection for those licenses. UGARF is required to share the net income with the individual researchers who developed the intellectual property and with UGA.

In FY 2015, AES produced several new crop varieties and technology. Among them, two peanut varieties, Georgia-13M and Georgia-14N, were licensed. According to the FY 2015 annual report by UGARF, peanut varieties produced by UGA account for more than 90 percent of the peanut market in Georgia. The Tifton turfgrass breeding program produced the TifTuf™ bermudagrass, which is more tolerant to drought and wear. Two new poultry vaccines developed by UGA researchers are now sold in the market, and UGARF licensed a new poultry vaccine spray cabinet to be used and sold on the market. A vaccine spray cabinet is used to administer spray vaccines, which are absorbed through the eyes or the respiratory system.

The Agricultural Experiment Station and Cooperative Extension Service programs are both managed by the College of Agricultural and Environmental Sciences at UGA. Although both programs serve different functions, CAES considers the two programs as complements: AES informs the work of CES, and CES helps to bring more awareness and funding opportunities so that researchers are able to carry out their work. Within CAES, the two programs jointly fund the operating expenses and salaries of faculty. For example, if a researcher spends 60 percent of his or her time carrying out duties related to AES and 40 percent carrying out duties related to CES, then 60 percent of his or her salary will be funded through the AES program budget, while 40 percent will be funded through the CES program budget.

In FY 2016, the total budget consisted of 65 percent other funds and 35 percent state funds. Other funds include departmental sales and services, indirect cost recoveries, federal funds, and restricted operations. Departmental sales and services are revenue, for example, from student activity fees, gifts, and rental income. Indirect cost recoveries are funds from the federal government for federal grants, or from CAES contractors, to pay for the administrative costs for grants and contracts. Restricted operations are funds that are required by contract to be used for a specific purpose as detailed by sponsored grants and contracts. CAES does not currently report federal funds separately because federal funds are allocated directly to the university and not through the state. Federal law requires the recipients of federal allocations for the Agricultural Experiment Station program (AES) to match the federal appropriation dollar for dollar with state and other funds. In FY 2016, tenured faculty at CAES received \$37.3 million in sponsored grants from federal, state, and local clientele to conduct research in the fields of Agriculture and Natural Resources, Family and Consumer Sciences, Food Science, and Food Safety.

Results and Recommendations

In the state's budgeting and financial systems, the AES budget is currently reflected in two unique object classes: Sponsored Operations and Operating Expenses – General and Departmental. Sponsored Operations includes grants, contracts, and gifts. These object classes do not provide a detailed depiction of how program funds are utilized. The agency should better reflect the program's budget and expenditures by utilizing the standard object classes of personal services, regular operating expenses, motor vehicle purchases, equipment, contractual services, and grants and benefits.

In the AES program, the grant approval process takes approximately six to eight months from the grant proposal submission deadline to the time the sponsor notifies the researcher of approval. To reflect the program's ability to secure other funding, AES should report the percentage of research proposals approved and the percentage of research proposal funds awarded as performance measures.

Currently, BOR does not report the program's motor vehicle count in the enterprise budget system. At UGA, while vehicles are assigned to the AES program in UGA's inventory, the program's vehicles are not reported to the state. BOR should reflect the motor vehicle count for the AES program in the enterprise budget system.

Board of Regents of the University System of Georgia
 ZBB Program: Agricultural Experiment Station

Key Activities

Activity	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Livestock Research	Research professors, professional researchers, staff, and graduate students conduct scientific research projects in laboratories and farms at the experiment stations. Technical staff such as lab technicians, administrative staff, and other research professionals provide direct support for research. Research includes increasing efficiency in animal production and management, and the development of medicinal biotechnology that addresses critical issues such as the cost of production, profitability, human and animal health, environmental stewardship, bioethics, and animal well-being. Professors devote portions of their time to instruction and research, while professional researchers only focus on research.	Hatch Act of 1887	129	\$6,820,500	\$20,889,488
Plant Research	Researchers conduct scientific research projects in laboratories and in the fields of Crop and Soil Science, Horticulture, Plant Pathology, Plant Breeding, and Genetics and Genomics. Technical staff such as lab technicians, administrative staff, and other research professionals provide direct support for research. Research includes how to increase efficiency of plant growth, conservation of natural resources, postharvest handling, plant health, and the interaction of plant disease agents with host plants and their environment.	Hatch Act of 1887	215	24,882,190	34,342,248
Breeding and Genetics Research	Through genetics research, researchers seek to identify molecular tools such as cloning, genetic markers, and quantitative genomics to produce healthier livestock and plants. Technical staff such as lab technicians, administrative staff, and other research professionals provide direct support for research. This research will produce higher yields, improved nutrition, drought and disease resistance, and increased profitability to advance sustainable agriculture.	Hatch Act of 1887	46	4,037,921	14,614,683
Food Science and Safety Research	Researchers seek to develop new and improved methods to identify, control, and eliminate pathogens or toxins to benefit both the food industry and the everyday consumer. Technical staff such as lab technicians, administrative staff, and other research professionals provide direct support for research. Researchers also seek to improve food quality, prevent foodborne diseases, and improve methods of distribution.	Hatch Act of 1887	40	3,022,576	6,469,687
Total			430	\$38,763,187	\$76,316,106

Board of Regents of the University System of Georgia
 ZBB Program: Agricultural Experiment Station

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$48,594,849	\$61,683,057	\$51,746,296
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Sponsored Operations	16,227,172	22,478,276	11,415,692
Operating Expense - General and Departmental	16,329,234	26,108,131	13,154,118
Total Expenditures	\$81,151,254	\$110,269,464	\$76,316,106
Fund Type			
State General Funds	\$36,858,936	\$38,494,527	\$38,763,187
Other Funds	44,292,318	71,774,937	37,552,919
Total Funds	\$81,151,254	\$110,269,464	\$76,316,106
Positions*	504	555	430
Motor Vehicles	N/A	345	345

*Position count includes part-time positions for FY 2015 and FY 2016.

Board of Regents of the University System of Georgia
 ZBB Program: Agricultural Experiment Station

Performance Measures

Agency Purpose:

The University System of Georgia (USG), through its 20 public colleges and universities, is charged with providing higher education to Georgia residents. USG works to create a more educated Georgia through its core missions of instruction, research, and public service.

Program Purpose:

The purpose of this program is to improve production, processing, new product development, food safety, storage, and marketing to increase profitability and global competitiveness of Georgia's agribusiness.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of journal articles by College of Agricultural and Environmental Sciences research faculty	599	606	623	589
2. Number of journal articles per full-time equivalent on the College of Agricultural and Environmental Sciences research faculty	7	6	6	6
3. Value of research funds received	\$26,112,098	\$26,635,246	\$30,120,955	\$33,097,566
4. Number of new products developed for industry	27	35	28	27
5. Estimated value of savings achieved by avoiding crop loss due to plant disease (in millions)	\$222	\$250	\$268	\$286
6. Average grant dollars earned per researcher	\$311,972	\$241,590	\$292,436	\$340,352
7. Percentage of research proposals approved (New)	47%	73%	68%	73%
8. Percentage of research proposal funds awarded (New)	15%	39%	19%	28%
9. Royalties received from products and patents (New)	\$5,743,014	\$6,457,442	\$4,432,963	\$5,217,478



FY 2018 Zero-Based Budget Analysis

Board of Regents of the University System of
Georgia

ZBB Program: Cooperative Extension Service

Executive Summary

- The Cooperative Extension Service program provides training, educational programs, and outreach in agriculture and administers the 4-H program.
 - The Board of Regents of the University System of Georgia should better reflect the program's budget and expenditures utilizing the standard object classes.
 - The agency should work with OPB to accurately reflect the anticipated other funds prior to the appropriations process.
 - The program will report the number of youth served by the 4-H centers as a new performance measure to better demonstrate the workload and effectiveness of the program.
 - The agency should report the motor vehicle count in the enterprise budget system.
-

Program Overview

Established in 1914 as a part of the federal Smith-Lever Act, the Cooperative Extension Service (CES) program delivers the most current developments in agriculture, natural resources, economic development, and coastal issues to the public. Through the Smith-Lever Act, recipients of federal appropriations for the CES program must match federal allocations dollar for dollar with state and other funds. Under the College of Agricultural and Environmental Sciences (CAES) at the University of Georgia (UGA), CES serves Georgia through 158 extension offices. Georgia has 159 counties, and only Taliaferro County and Chattahoochee County do not have an extension office. Bacon County has both a typical county extension office, as well as the Georgia Blueberry Research & Demonstration Farm. Each county office provides information to anyone in the general public who is seeking information related to agriculture, the environment, family development, food safety, horticulture, or the 4-H program. In addition to county agents, the CES program also employs positions such as public service assistants, administrative assistants, building service workers, and program specialists. Others, such as administrative staff and program coordinators, assist in planning, organizing, and scheduling programs and also provide training for volunteers, administrative support, and client services.

Extension Agents

Local cooperative extension offices offer most, or all, of their extension services through county extension agents. One or more extension agents occupy each county office depending on the size. Across the state, extension agents offer testing and diagnostic services. For example, they test or analyze soil, water, plant tissue, feed, animal waste, microbiology, pesticides, and waste water for a fee that ranges from \$5 to \$150. Each year, agents engage the public through visits, talks, pamphlets, blogs, classes, fairs, demonstrations, after school activities, competitions, and booths at community events. Extension offices offer “Field Days” two to five times per year, during which extension agents or an invited guest will demonstrate best practices, such as how to identify certain weeds; show more efficient methods of farming; and demonstrate new technology.

CES proactively raises awareness on information identified as important by local counties and by the state through regular interaction with farmers, rangers, pest control personnel, businesses and many others. For example, CES partners with the Georgia Department of Agriculture and the Georgia Fruit & Vegetable Growers Association to provide training for new farmers. The Georgia Department of Public Health has an ongoing partnership with UGA Extension and local officials to actively investigate groundwater for high arsenic levels and to alert and educate residents in counties with elevated arsenic levels in drinking water. Other issues addressed by agents include Georgia’s animal waste regulations and the improvement of precision management of soil fertility.

Agents work with extension specialists when specialized knowledge is required. UGA extension specialists provide training and research-based knowledge on diseases, new developments, and best practices for specific disciplines to extension agents across the state. CES provides the training and resources to agents online, as well as through face-to-face meetings with extension specialists. Furthermore, marketing and communications staff also train agents on communications technology and changes.

Each extension agent’s salary is funded entirely by either the county, the state, or a combination of both. When a county determines a need for extension agents, that county must cover at minimum \$12,000 and the associated benefits for each county agent. Associated benefits that counties fund include the Federal Insurance Contributions Act (FICA) and the employer share of the Teachers Retirement System of Georgia (TRS). CAES and the county negotiate which party will fund any additional costs. In FY 2016, the state funded 65 percent of all 280 agents’ salaries, and the counties funded 35 percent.

4-H Program

The CES program includes five 4-H centers: Wahsega, Fortson, Rock Eagle, Burton, and Jekyll Island. 4-H centers reported more than 110,000 users in the 2015 calendar year, enrolled more than 175,000 youth in the Georgia 4-H program, and registered nearly 9,000 youth attending summer camps. The program offers a five-day summer camp once a week from the end of May until the end of July at the 4-H centers. Camps are differentiated by grade levels: Cloverleaf Camps (grades 4 – 6), Junior Camps (grades 7 – 8), and Senior Camps (grades 9 – 12). 4-H centers and extension agents provide hands on learning opportunities and outdoor recreational activities such as outdoor camping, canoeing, and zip-line riding. Participants may also enroll in classes in which students learn about water conservation, tree identification, venomous snake identification, and the benefits of and irritation caused by insects.

As part of the Extension program, 4-H youth offer programs. These programs include the State Livestock Show and various contests, such as the 4-H Engineering Challenge, through which students are challenged to find solutions to real-life issues. These challenges may involve building an emergency shelter, building a glider that is able to transport food to populations in need, or observing livestock and horses while learning how to identify different grades of livestock. Through these programs, students are able to develop a basic knowledge of animal science, critical thinking skills, and problem solving skills.

Continuing Education Units

For adults, the CES program offers continuing education units (CEUs), which are typically one-day trainings for professionals. CEUs offer credit hours toward licenses and certifications that professionals can use to advance their careers. For example, the Gwinnett County Extension Green Industry Update program offers five credit hours toward the commercial applicators pesticide license for plant agriculture, ornamental and turf, and mosquito control, as well as one credit hour for private applicators. The Gwinnett County Extension Green Industry Update also offers five credit hours for the Georgia Certified Landscape Professionals program. UGA offers Principles of Turfgrass Management, which awards 120 hours of credit toward landscape industry certification by the National Association of Landscape Professionals. The program teaches industry professionals how to manage turfgrass through hot, cold, and drought conditions; facts about growth enhancers; methods to increasing wear tolerance; and other ways to improve turfgrass management.

Program Funding

In FY 2016, the total budget consisted of 56 percent other funds and 44 percent state funds. Other funds include departmental sales and services, indirect cost recoveries, federal funds, and restricted operations. Departmental sales and services are revenue, for example, from student activity fees, gifts, and rental income. Indirect cost recoveries are funds from the federal government for federal grants, or from CAES contractors, to fund the administrative costs for grants and contracts. Restricted operations are funds that are required by contract to be used for a specific purpose as detailed by sponsored grants and contracts. CAES does not currently report federal funds separately as expenditures because federal funds are allocated directly to the college and not to the state.

The Cooperative Extension Service and Agricultural Experiment Station programs are both managed by the College of Agricultural and Environmental Sciences at UGA. Although both programs serve different functions, CAES considers the two programs as complements: AES informs the work of CES, and CES helps to bring more awareness and funding opportunities so that researchers are able to carry out their work. Within CAES, the two programs jointly fund operating expenses and salaries of faculty. For example, if a researcher spends 60 percent of his or her time carrying out duties related to AES and 40 percent carrying out duties related to CES, then 60 percent of his or her salary will be funded through the AES program budget, while 40 percent will be funded through the CES program budget.

Results and Recommendations

In the state's budgeting and financial systems, the CES budget is currently reflected in two unique object classes: Sponsored Operations and Operating Expenses – General and Departmental. Sponsored Operations includes grants, contracts, and gifts. These object classes do not provide a detailed depiction

of how program funds are utilized. The department should better reflect the program's budget and expenditures by utilizing the standard object classes of personal services, regular operating expenses, motor vehicle purchases, equipment, contractual services, and grants and benefits.

The 4-H program is an important component of the work and the mission of CES. For FY 2017, CAES reported that 4-H youth-related activities were 34 percent of the FY 2017 budget for the CES program. In order to have an accurate representation of how many students are impacted by the 4-H program, CES should report the number of youth served by the 4-H program as a performance measure.

Currently, BOR does not report the program's motor vehicle count in the enterprise budget system. While vehicles are assigned to the CES program in UGA's inventory, the program's vehicles are not reported to the state. BOR should reflect the motor vehicle count for the CES program in the enterprise budget system.

Board of Regents of the University System of Georgia
 ZBB Program: Cooperative Extension Service

Key Activities

Activity	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Agriculture and Natural Resources	Cooperative Extension Agents identify and deliver the latest information on pest control, water quality, horticulture, turf grass management, livestock, and crops to farmers, ranchers, and the general public. Current information is disseminated through pamphlets, local newsletters, published articles, and research papers. Agents provide technical assistance such as soil, water, plant tissue, feed, animal waste, microbiology, pesticides, and waste water testing for a fee (\$5-150). County Extension Specialists support and provide training on specific topics to County Extension Agents.	OCGA 2-2-8 OCGA 2-6-4 - 7 OCGA 2-6-9 - 10 Smith-Lever Act of 1914	405	\$15,729,810	\$34,753,367
4-H Youth	Georgia 4-H serves young people year in acquiring knowledge, developing life skills, and forming attitudes that will enable them to become self-directing, productive and contributing members of society. This mission is accomplished, through "hands on" learning experiences, focused on agricultural and environmental issues, agriculture awareness, leadership, communication skills, foods and nutrition, health, energy conservation, and citizenship. Extension faculty members based at the campus of the University of Georgia and in most Georgia counties work directly with adult and teen volunteer leaders to implement the 4-H program at the local level.	OCGA 2-2-8 OCGA 2-6-4 - 7 Smith-Lever Act of 1914	130	11,914,221	22,208,229
Family and Consumer Sciences	Family and Consumer Science (FACS) Agents offer support and resources in the areas of Food Safety and Food Preservation, Nutrition and Health, Human Development, Housing and Environment, Resource Management, as well as FACS program development, evaluation, and accountability. Agents also work with families and caregivers to assist them with financial planning and creating healthy home environments. County Extension Specialists support and provide training on specific topics to County Extension Agents.	OCGA 2-2-8 OCGA 2-6-4 - 7 OCGA 2-6-9 - 10 Smith-Lever Act of 1914	329	7,186,868	9,203,232
Total			864	\$34,830,899	\$66,164,828

Board of Regents of the University System of Georgia
 ZBB Program: Cooperative Extension Service

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$49,026,257	\$56,847,615	\$54,454,271
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Sponsored Operations	4,529,712	4,582,553	3,000,000
Operating Expense - General and Departmental	10,552,437	11,893,349	8,710,557
Total Expenditures	\$64,108,406	\$73,323,517	\$66,164,828
Fund Type			
State General Funds	\$30,465,088	\$32,287,418	\$34,830,899
Other Funds	\$33,643,318	\$41,036,099	\$31,333,929
Total Funds	\$64,108,406	\$73,323,517	\$66,164,828
Positions*	800	872	864
Motor Vehicles	N/A	352	352

*Position count includes part-time positions for FY 2015 and FY 2016.

Board of Regents of the University System of Georgia
 ZBB Program: Cooperative Extension Service

Performance Measures

Agency Purpose:

The University System of Georgia (USG), through its 20 public colleges and universities, is charged with providing higher education to Georgia residents. USG works to create a more educated Georgia through its core missions of instruction, research, and public service.

Program Purpose:

The purpose of this program is to provide training, educational programs, and outreach to Georgians in agricultural, horticultural, food, and family and consumer sciences, and to manage the 4-H youth program for the state.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of face-to-face client contacts made by cooperative extension through educational programs and consultations.	1,376,972	1,559,696	1,347,883	1,377,536
2. Number of client contacts per cooperative extension county faculty full-time equivalent	8,726	7,374	4,516	4,599
3. Number of continuing education units provided to clientele	42,092	42,409	38,856	33,161
4. Number of client contacts per cooperative extension county faculty full-time equivalent	188,114	251,603	128,521	140,445
5. Number of youth served by Georgia 4-H (New)				172,354
6. Number of diagnostic services provided (New)				



FY 2018 Zero-Based Budget Analysis

Secretary of State

ZBB Program: Georgia Real Estate
Commission

Executive Summary

- The Georgia Real Estate Commission (Commission) administers the Georgia license law and Appraisal Act. It does so on behalf of two distinct entities, the Georgia Real Estate Commission members and the Georgia Real Estate Appraisers Board. The Commission's mission is to achieve a fair and honest market environment for real estate and appraisal professionals and the public.
 - The Commission should follow the Office of Planning and Budget and Department of Administrative Services Policy 10, which mandates prior approval before assigning vehicles.
 - The Commission should optimize the budget development process to accurately align the budget with projected expenditures, such as one-time technological improvements, and amend the budget to eliminate the need to store funds. It should further determine whether year-end expenditures are essential before making one-time purchases.
 - The Commission should adhere to policy number 4-9-1 of the Financial Management Policies and Procedures, which focuses on prioritizing Other Funds over State General Funds.
 - The Commission should work with the Secretary of State's financial program staff to create individual fund source and revenue codes to distinguish between activities carried out on behalf of the Georgia Real Estate Commission members and the Georgia Real Estate Appraisers Board.
 - The Real Estate Education, Research, and Recovery Fund's minimum balance far exceeds the amount being utilized by its intended beneficiaries.
 - The Commission should report new performance measures to better demonstrate its workload and effectiveness.
-

Program Overview

The Georgia Real Estate Commission's (Commission) purpose is to administer the license law for real estate brokers and salespersons and provide administrative support to the Georgia Real Estate Appraisers Board (Board). The Commission licenses real estate and appraisal professionals; investigates complaints and enforces disciplinary actions against licensees; regulates real estate and appraisal instructors and schools; and provides staff to support the Board in their administration of the Appraisal

Act. The Commission and its functions are aimed at achieving a fair and honest market environment for real estate and appraisal professionals, their customers and clients, and the citizens of Georgia.

The Georgia Real Estate Commission members (Commission members) and the Board are two distinct committees served by the Commission. There are six Commission members appointed for a term of five years, and five Board members appointed for a period of just three years. The Commission members are authorized to pass rules and regulations consistent with Georgia license law, and the Board is authorized to do the same with respect to the Georgia Appraisal Act. The Commission members appoint the Commissioner, which oversees the 29 employees.

The Commission is attached to the Secretary of State's Office for administrative purposes. A major function of the Secretary of State's Office is licensing and regulating Georgia professionals. The Commission serves this function as it relates to real estate and appraisal professionals.

The purpose of this review is to assess the Commission against its statutory responsibilities, its purpose, policy objectives, the cost to provide services, and the outcomes achieved.

Results and Recommendations

Motor Vehicles

The Commission has nine vehicles. These vehicles are used as transportation for the Commission's investigators, and one is assigned to the Commissioner. The vehicles used by the investigators are pooled by default but are currently being treated as rotating assignments for individual investigators. These vehicles are used by the investigators to travel throughout Georgia to investigate complaints and audit licensees. The investigator responsible for a vehicle during its rotating assignment is permitted to take the vehicle home overnight on a daily basis.

The Office of Planning and Budget (OPB) and Department of Administrative Services Policy 10 mandates that an agency submit an MV-1 form and gain approval from OPB before assigning a vehicle to an employee. Policy 10 lists several conditions that must be met before a vehicle may be assigned and approved to be taken home overnight. If an MV-1 form is not submitted and approved for a vehicle, no employee may have exclusive control over the vehicle, and the vehicle may only be taken home overnight in the particular cases enumerated in Policy 10 for pooled vehicles.

Only one MV-1 form, which is for the Commissioner's vehicle, has been submitted by the Commission and approved. Thus, the vehicles used by the investigators must be treated as pooled vehicles, taken from a central location to conduct routine state business and returned to the central location. The vehicle may only be taken home overnight when specifically permitted under Policy 10. If the Commission believes that investigator vehicles should be assigned and permitted to be taken home overnight on a daily basis, it must submit an MV-1 form listing the appropriate criteria and gain approval from OPB.

Optimize Budget Development

Title 45, Chapter 12, Section 78 of the Official Code of Georgia Annotated provides that no later than September 1 of each year the head of each agency shall submit to the Office of Planning and Budget estimates of the financial requirements of the agency for the next fiscal year, on the forms and in the manner prescribed by OPB, with such explanatory data as is required by OPB. OPB specifies such

requirements in its annual budget instructions. In each year's budget instructions, OPB sets the level of funding that may be submitted in the agency's request. Each agency must communicate with its assigned OPB analyst to determine the level of funding needed to properly meet projected expenditures for each program, funding source, and object class.

Budget requests for additional funds may be permitted for growth, workload, and other reasons enumerated in the budget instructions. The agency should contact their assigned OPB analyst with questions regarding budget adjustments. OPB will analyze requests for additional funds and notify agencies which programs have been identified for additional funding.

In addition to developing a budget for the next fiscal year, the budget development process is used to assess the current year's budget. If unforeseen growth, workload, or other permitted reasons to increase funding occurs in the current year, the agency should work with its assigned OPB analyst to correct funding to properly meet projected expenditures. If, on the other hand, funding exceeds actual and necessary expenditures, the agency should remit surplus funds to Treasury or work with the assigned OPB analyst to determine if such funds should be carried over to the next fiscal year or otherwise used in accordance with OPB policy.

Additional funding may also be sought in the form of Capital Outlay requests. Capital Outlay requests are funded by the authorization of General Obligation Bonds and the use of state appropriations to cover the debt. Typically, the agency should only submit Capital Outlay requests through the Capital Outlay Budget System when the cost of the capital project is greater than \$100,000 and has a useful service life of five years or more. The agency must submit its capital project information to OPB by the date set in the budget instructions. The agency should contact their assigned OPB analyst with questions regarding capital outlay requests. OPB will analyze requests for bond funds and notify agencies that will receive such funding.

The Commission should work to develop a better understanding of the budget development process outlined above. Doing so will allow for more efficient operations and resource allocation, including with needed technology improvements. Additionally, the Commission will be better equipped to comply with OPB policies, such as submitting requests for year-end, one-time purchases.

Develop Appropriate Budget Recommendation for Information Technology Improvements

The Commission believes it can serve its consumers better and more efficiently with an improved technology infrastructure, including a new database, a new website, and more online licensing capability at testing sites. For over seven years the Commission has been changing database systems by using surplus funds. The goal of the database change is to decrease database costs and increase the reliability and availability of data. The new database will aim to add usability, flexibility, and efficiency regarding data usage. The new database will ultimately be the only one the Commission uses, but in the meantime the Commission is using both the original and new databases simultaneously. At the current pace, the project will not be complete for two years. The total cost of the project will exceed \$620,000.

Other possible beneficial technological improvements include improvements to its website and firm application processing at test centers. The Commission's website has not been updated in ten years. As a result, it contains a large amount of data that is not easy to access for the average consumer. An improved user interface could reduce the burden on call center employees and administrative

personnel. Regarding firm application processing, independent brokers who pass the broker examination at an approved testing center currently have to submit a paper application to the Commission to open a new firm. Until the paper application is approved, the broker cannot practice as a broker. If the Commission upgraded its interface to permit onsite application and approval for new firms, it could save time and operating expenses related to processing paper applications, and brokers could start practicing immediately upon passing their licensure examination.

The Commission currently pays for these improvements with surplus funds. These funds are variable and modest in comparison to the costs of the projects. Furthermore, the later improvements cannot begin until the database change is completed. In order to avoid the delay in implementing technological improvements through the use of operating funds the Commission should work to develop a better understanding of the budget development process. By utilizing the budget development process the Commission can work with OPB to determine the appropriateness of a one-time appropriation or bond funds to complete these projects now and similar projects in the future.

Submit Requests for Large One-Time Year-End Purchases in Accordance With State Policy

OPB policy requires that agencies prioritize any planned fourth-quarter expenditures. OPB asks that agencies work with their assigned OPB analysts to assess the need for any one-time expenditures on items such as equipment or technology purchases, vehicles, contractual services, capital outlay, or other initiatives, as one-time purchases should be limited to essential items only.

The Commission utilizes a disproportionate amount of funds in the last quarter of each fiscal year. The Commission closes each fiscal year this way to ensure that immediate and necessary services are funded before using money to invest in lower priority goals. This method of financing leaves a large amount of funds unused at fiscal year-end.

Thus, the Commission should work with OPB during the budget development process to accurately align the budget with projected expenditures. Then, if unexpected costs arise, the Commission should work with its assigned OPB analyst to create an appropriate amended fiscal year budget. Finally, at fiscal year-end, if the Commission has funds available for large one-time purchases, it should work closely with its assigned OPB analyst to determine whether expenditures are essential before making any one-time purchases.

Prioritize Funding in Accordance With State Policy

The budget development process relies on the assumption that agencies will utilize State General Funds after Federal and Other Funds. Financial Management Policies and Procedures policy number 4-9-1 states, "when an obligation/expenditure/expense is incurred for purchases for which Federal, State, and Other Funds are available, agencies should first utilize Federal Funds to meet the obligation, followed by Other Funds not otherwise remitted to Treasury as a revenue, referred to as retained revenues, prior to the use of State General Funds."

The Commission may impose a monetary assessment on licensees to reimburse it for the costs associated with investigating and disciplining the licensee. Additionally, the Commission is permitted to impose fees on individuals and companies who would like to access the Commission's licensee database and use those fees to offset costs. These fees and reimbursements are Other Funds that the Commission may use as revenue. Historically, the Commission has used State General Funds to meet obligations

while Other Funds were available for use. Thus, the Commission should adhere to Financial Management Policies and Procedures policy number 4-9-1.

Real Estate and Appraisal Related Revenue

In order for prospective real estate and appraisal professionals to obtain licenses in Georgia they must pay a fee related to the type of license they wish to acquire. Schools and instructors must also pay fees in order to gain approval from the Commission to operate. Additionally, as discussed above, in many cases, the violator of the Georgia license law or Appraisal Act must pay a fine and reimburse the Commission for disciplinary costs. All of these payments—with the exception of disciplinary costs reimbursements, charges to access the Commission’s licensee database, and a Real Estate Education, Research, and Recovery Fund charge—must be remitted directly to the State General Fund. The disciplinary costs reimbursements and the database access charge may be retained by the Commission to offset costs.

The Commission tracks all of the retained revenue in PeopleSoft under one fund source code, and the State Accounting Office reports all remittances to Treasury under the label, “Real Estate.” In order to better monitor the activities that produce revenue for the Commission and the state, the Commission should work with the Secretary of State’s financial staff to create two alternative fund source codes for each source of revenue collection. In addition, the Commission should work to create two distinct revenue codes: one for remittances to Treasury from activities carried out on behalf of the Board and the other for remittances to Treasury from activities carried out on behalf of the Commission members.

Real Estate Education, Research, and Recovery Fund

Title 43, Chapter 40, Section 22 of the Official Code of Georgia Annotated mandates that the Commission maintain a minimum balance of \$1 million in the Real Estate Education, Research, and Recovery Fund (Recovery Fund). The principle purpose of the Recovery Fund is to provide payments to plaintiffs that were harmed by a defendant licensed as a Georgia real estate salesperson or broker while acting in that capacity. It applies to situations where a court has ruled in favor of the plaintiff and the plaintiff is unable to obtain payment from the defendant. Twenty dollars of each original real estate license fee in Georgia goes into the Recovery Fund. Any new licensee payments directed to the Recovery Fund above the minimum balance may be used by the Commission to underwrite the costs of relevant education and research that benefits licensees and the public.

In 2012, the legislature reviewed and amended the Recovery Fund statute. It raised the maximum amounts that could be paid to the victims and relaxed the requirements to obtain judgment payments from the Recovery Fund. Nonetheless, judgment payments have remained disproportionately low in comparison to the amount of money sitting in the Recovery Fund.

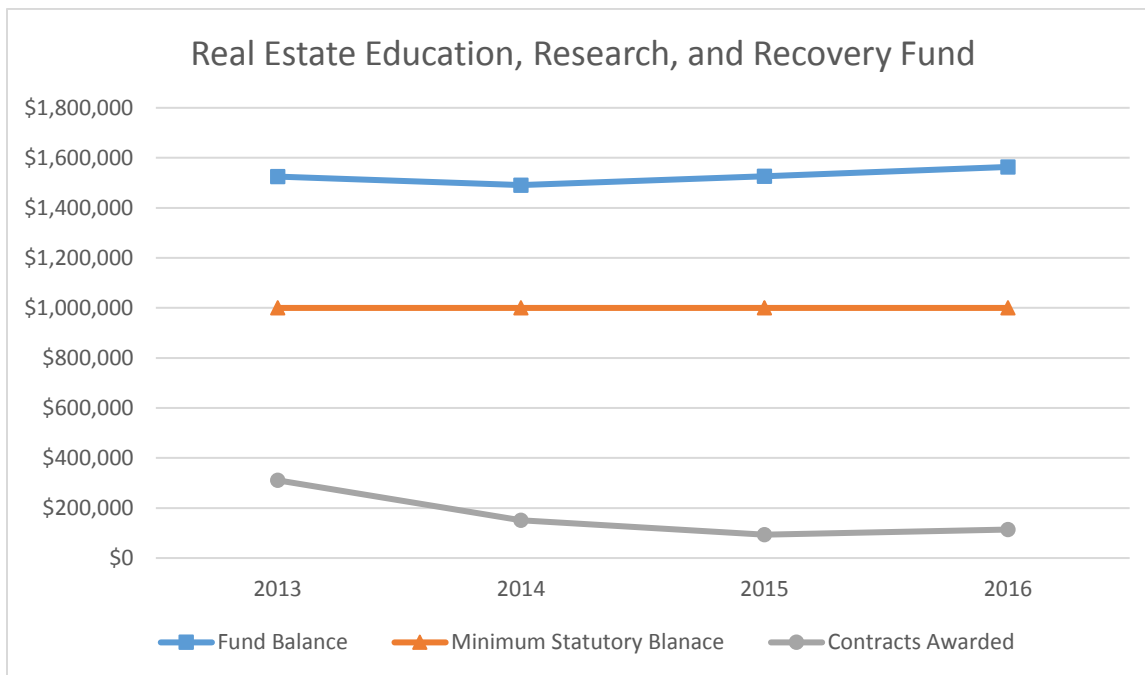
In 2015, one judgment was paid out of the Recovery Fund in the amount of \$7,932. Prior to that, a judgment had not been paid out of the Recovery Fund for nine years. In 2006, there was only one payment as well, for \$5,155. For the past ten years, the minimum balance mandated by the Recovery Fund has exceeded the amounts that have been needed for payments for damages.

New performance measures should be added to monitor the program's overall performance

Performance measures are an integral component of the Zero Based Budget (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program, but should also be appropriate and relevant to the policy goals of the agency and state as a whole. Through ZBB analysis, new measures were developed and evaluated to supplement existing performance measures.

The following is a list of new performance measures. OPB will continue to work with the Commission to ensure new performance measures are annually updated into the BudgetTool System.

- Fines and disciplinary costs reimbursements collected
- Approximate number of hours spent on investigations annually per investigator
- Number of judgments paid from Real Estate Recovery Fund
- Dollar amount of judgments paid from Real Estate Recovery Fund
- Number of Real Estate Recovery Fund education and research contracts awarded
- Dollar amount of Real Estate Recovery Fund education and research contracts awarded
- Real Estate Recovery Fund balance



Secretary of State
 ZBB Program: Real Estate Commission

Key Activities

Activity	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Licensing	License 83,000 real estate brokers and salespersons, which includes evaluating applicants to ensure minimum education, experience where applicable, and background qualifications are met. Employees also ensure licensees remain in compliance with applicable statutes and rules, such as continuing education, through the renewal process.	OCGA 43-40-7 and 43-39A-7	8.7	\$1,024,714	\$1,074,502
Investigation	Investigate potential real estate licensee violations and randomly audit real estate firms. A complaint may be filed, an audit may reveal a need to investigate, or the Commission may act on its own. Investigations include evaluating requests for investigations, if applicable, and acquiring and evaluating relevant evidence through interviews and documentation. Reports are prepared for all investigations and the results are presented to the Commission members.	OCGA 43-39A-18; 43-39A-18.1; 43-39A-22; 43-40-25; 43-40-25.2; and 43-40-27	7.3	867,345	909,484
Oversight	Regulate real estate instructors and schools. This includes approving instructors and schools based on minimum education and teaching requirements, evaluating and approving courses, and maintaining the competency of schools and instructors through direct communication and auditing.	OCGA 43-39A-8 and 43-40-8	2.0	202,698	214,720
Administrative Support to the Appraisers Board	Provide administrative support to the Georgia Real Estate Appraisers Board, which includes providing the same key services for 4,500 real estate appraisers, and the appraiser instructors and schools that are provided to real estate professionals, and investigating complaints.	OCGA 43-39A-3	8.0	947,805	993,856
Total			26.0	\$3,042,562	\$3,192,562

Secretary of State
 ZBB Program: Real Estate Commission

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$2,123,561	\$2,136,834	\$2,279,462
Regular Operating Expenses	250,506	229,829	220,102
Motor Vehicle Purchases	17,420		25,000
Equipment	39,921		
Computer Charges	336,732	187,666	205,204
Real Estate Rentals	187,151	189,875	196,548
Telecommunications	63,264	61,651	102,745
Contractual Services	311,287	114,124	163,501
Total Expenditures	\$3,329,842	\$2,919,979	\$3,192,562
Fund Type			
State General Funds	\$2,948,690	\$2,825,453	\$3,042,562
Other Funds	381,152	94,526	150,000
Total Funds	\$3,329,842	\$2,919,979	\$3,192,562
Positions	26	26	26
Motor Vehicles	9	9	9

Secretary of State
 ZBB Program: Real Estate Commission

Performance Measures

Agency Purpose:

The Secretary of State serves as the custodian of the state flag and keeper of the Great Seal of Georgia. The office provides services to state citizens, agencies, local governments, and businesses. The services provided include the registration of voters, and the investigation, inspection, and enforcement of professional licenses, election activities, and securities regulations.

Program Purpose:

The purpose of this program is to administer the license law for real estate brokers and salespersons, and provide administrative support to the Georgia Real Estate Appraisers Board in their administration of the Real Estate Appraisal Act.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Agency investigations resulting in imposition of a disciplinary action on a licensee	362	302	285	144
2. Percentage of all completed applications processed within 5 business days of receipt	98%	96%	98%	98%
3. Agency investigations completed	1,659	1,730	1,971	1,646
4. Fines and disciplinary costs reimbursements collected (New)	\$268,882	\$245,415	\$244,286	\$136,135
5. Approximate number of hours spent on investigations annually per investigator (New)	N/A	N/A	N/A	2,727
6. Number of judgments paid from Real Estate Recovery Fund (New)	0	0	1	0
7. Dollar amount of judgments paid from Real Estate Recovery Fund (New)	\$0	\$0	\$7,932	\$0
8. Number of Real Estate Recovery Fund education and research contracts awarded (New)	10	8	7	7
9. Dollar amount of Real Estate Recovery Fund education and research contracts awarded (New)	\$310,813	\$150,866	\$93,423	\$113,896
10. Real Estate Recovery Fund balance (New)	\$1,525,096	\$1,491,072	\$1,526,143	\$1,563,598



FY 2018 Zero-Based Budget Analysis

Georgia Student Finance Commission

ZBB Program: Nonpublic Postsecondary
Education Commission

Executive Summary

- The Nonpublic Postsecondary Education Commission provides the critical consumer protection functions of assuring prospective and enrolled students that the regulated schools meet minimum standards and, for the prospective employers, that graduates have acquired appropriate job skills.
 - The commission should maintain the current level of state appropriations and reduce operating expenses to meet the declining revenue from other funds.
 - The commission should decrease the number of statutorily required board members from 15 to 7 members.
 - The commission should continue to incorporate recommendations made by the Georgia Department of Audits and Accounts and the University System of Georgia's Office of Internal Audit and Compliance.
 - The commission should report additional performance measures to demonstrate the workload and effectiveness of the program.
-

Program Overview

The Georgia Nonpublic Postsecondary Education Commission (GNPEC) administers the Nonpublic Postsecondary Educational Institutions Act of 1990. GNPEC was created to ensure that private (and out-of-state public) postsecondary education institutions operating in Georgia are educationally sound and financially stable. The Governor appoints one GNPEC board member from each of the 14 congressional districts and one at-large member, for a total of 15 members. The day-to-day activities of the commission are handled by a ten-person staff headed by an executive director appointed by the Governor. The commission is attached to the Georgia Student Finance Commission (GSFC) for administrative purposes only.

Any instructional program defined as a proprietary school according to the Nonpublic Postsecondary Educational Institutions Act of 1990 must apply for and be granted a Certificate of Authorization before beginning operation or advertising in Georgia. For schools that grant degrees, GNPEC must also authorize each degree program as part of the schools' certificates. Following initial authorization, the

commission must renew each institution's certificate annually. Certain postsecondary institutions are exempt from GNPEC regulation. There are specific exemptions for traditional private colleges and universities, public colleges and universities, and public technical institutes. Examining boards associated with the Georgia Secretary of State regulate other occupational schools and educational institutions, such as cosmetology, nursing, barbering, real estate, and other similar organizations.

GNPEC's evaluators use a benchmark comprised of the knowledge of other institutions of higher education, both public and private, that offer similar programs to assess institutions and the institutions' programs. In addition, evaluators are aware of the standards applied by various professional organizations and accrediting commissions. The minimum standards, derived from O.C.G.A. 20-3-250.6, provide the framework for the professional judgment made by GNPEC professional staff members and evaluation committee members. There are 12 categories of minimum standards:

- | | |
|------------------------------------|--|
| 1. Organization and Administration | 7. Supporting Services |
| 2. Educational Program | 8. Financial Resources |
| 3. Faculty | 9. Refund Policy |
| 4. Physical Facilities | 10. Complaint Procedure |
| 5. Learning Resource System | 11. Placement |
| 6. Institutional Effectiveness | 12. Advertising, Promotion and Recruitment |

Authorization Process for Institutions

An institution seeking authorization under GNPEC must submit an initial authorization application, which includes detailed information about the college or university. After review of the application for completion, the deputy director will assign a standards administrator to work with the school through the remainder of the authorization process. The standards administrator reviews the application to ensure that all required components are complete and comply with the minimum standards. The standards administrator will then schedule a site visit to verify that the institution upholds the applicable components of the minimum standards. Schools must submit similar documentation to apply for reauthorization each year, and standards administrators are encouraged to complete site visits at each school annually. Unfavorable reviews may result in adverse action against the institution, including loss of authorization to operate in Georgia.

Standards administrators collect fees applicable to new and renewing institutions. All institutions must pay annual authorization fees, which are two-tenths of 1 percent of the institutions' annual gross tuition receipts, with a \$1,000 minimum and a \$25,000 maximum. The annual reauthorization fee must be remitted to the state treasury. GNPEC also collects special purpose revenue (SPR), which can include administrative recording fees, application evaluation fees, degree elevations fees, evaluation committee fees, new program evaluation fees, and late fees. These fees can be retained by the agency for use during the fiscal year it is collected.

Student Services

According to the Code of Federal Regulations (CFR) 600.9, all states must have a process to review and appropriately act on complaints regarding educational institutions authorized by the state. GNPEC fulfills this requirement for Georgia. The student submits the authorized school complaint form to GNPEC, which is then referred to the appropriate standards administrator. The standards administrator consults with all involved parties and then renders a decision per the information collected. Decisions in favor of

the student could result in adverse action against the institution, including full or partial restitution to the student, fines, or cease and desist orders for actions that violate GNPEC's rules.

GNPEC places great emphasis on requiring authorized postsecondary institutions to maintain student academic records so that, in the event of a closure, the institution can transfer records to the state with relative ease. The GNPEC office manager and administrative assistant are assigned the responsibility of obtaining individual transcripts by request for students of closed institutions. Students complete transcript requests on the GNPEC website; however, they must pay by mail as GNPEC cannot currently accept electronic payments. GNPEC stores the transcripts at Georgia Archives and mails the transcripts to students upon receipt of the requests and transcript fee charges.

State Authorization Reciprocity Agreement

GNPEC led the effort for Georgia to participate in the State Authorization Reciprocity Agreement (SARA), which establishes comparable national standards for the interstate offering of postsecondary distance education courses and programs. Once approved, SARA member institutions may offer distance education programs in other SARA member states without additional authorization, creating greater access to online courses for students. In coordination with the University System of Georgia (USG), the Technical College System of Georgia (TCSG), the Georgia Independent College Association (GICA), and the Office of the Attorney General of Georgia, GNPEC submitted the SARA application and Georgia received approval to join in October 2015.

GNPEC serves as the state portal for the National Council for State Authorization Reciprocity Agreements (NC-SARA) and employs a full-time SARA coordinator who promotes and supports SARA activities in Georgia. SARA institutions must apply for membership and renew that membership annually, and the SARA coordinator provides assistance throughout the process. The SARA coordinator supports and communicates with all stakeholders, including institutions, state agencies, federal agencies, NC-SARA, and the Southern Regional Education Board (SREB). The SARA coordinator also collects annual SARA fees from member institutions. The annual fees are based on each institution's total full-time equivalent (FTE) enrollment and range between \$1,000 and \$2,000. GNPEC uses these fees to support the costs of the program, including the salary and benefits for the SARA coordinator.

Tuition Guaranty Trust Fund

Authorized institutions make annual payments to the Tuition Guaranty Trust Fund (TGTF), which was established in July 1992. The TGTF provides teach-outs or reimbursements to students at institutions that close and fail to honor commitments to complete the students' programs of study. Teach-outs allow students to complete educational programs through another authorized institution. GNPEC adopted a fee structure, based upon an uncapped one-tenth of 1 percent of the institutions' annual gross tuition receipts. The TGTF serves as an insurance pool of funds available for students of closed institutions. The Board of Trustees of the Tuition Guaranty Trust Fund, which consists of six members of GNPEC's board, administers the funds. In addition to the schools authorized by GNPEC, many of the private colleges and universities otherwise exempt from GNPEC oversight must also pay into TGTF. Two accounts comprise TGTF. GNPEC manages approximately half of the funds in a custodial account and invests half in a local government pool managed by the Office of the State Treasurer. All daily transactions, including deposits and payments, are processed via the custodial account. The table below shows the TGTF receipts and payments from FY 2013 through FY 2016.

	FY 2013	FY 2014	FY 2015	FY 2016
Total receipts to TGTF	\$242,758	\$308,775	\$240,475	\$96,246
Total payments from TGTF	85,253	89,794	71,316	55,237
Ending TGTF balance	\$2,908,726	\$3,127,257	\$3,296,416	\$3,337,425

Results and Recommendations

GNPEC uses state general funds along with special purpose revenue to fund its total operations; however, GNPEC projects that SPR and the number of regulated programs will decline in upcoming fiscal years. Enrollment at proprietary colleges has declined nationwide as the result of lower unemployment, stricter government regulation, and increased competition from public and non-profit schools. The number of schools authorized by GNPEC decreased for the first time in the history of the agency in FY 2015, and SPR decreased by 47 percent in FY 2016 from its peak in FY 2013. GNPEC should maintain the current level of state appropriations and reduce operating expenses to meet the declining other funds revenue. The table below shows commission revenue and expenditures from FY 2008 to FY 2016.

Fiscal Year	State General Funds	Special Purpose Revenue	SARA Revenue	Total Expenditures	SPR as a Percentage of Expenditures
2008	\$788,571	\$32,100	-	\$820,671	4%
2009	\$713,009	\$44,142	-	\$757,151	6%
2010	\$653,978	\$89,267	-	\$743,245	12%
2011	\$686,546	\$76,130	-	\$762,676	10%
2012	\$704,314	\$207,000	-	\$911,314	23%
2013	\$691,652	\$332,842	-	\$1,024,494	32%
2014	\$767,209	\$284,267	-	\$1,051,476	27%
2015	\$700,774	\$292,724	-	\$993,498	29%
2016	\$873,071	\$174,839	\$46,778	\$1,094,688	16%

GNPEC has 15 commission members compared to its ten person staff. Commission membership requirements in Georgia, and in other states, often emphasize stakeholder representation or use alternative methods to encourage equitable geographic representation. The Office of Planning and Budget (OPB) proposes removing the congressional district and at-large seat requirements to decrease the number of statutorily required commission members to seven.

The Georgia Department of Audits and Accounts (DOAA) completed a performance audit on GNPEC in March 2013 and found that the agency's authorization and complaint handling processes did not provide adequate protections for students. The Office of Internal Audit and Compliance (OIAC) for USG and DOAA performed follow-up audits in December 2014 and June 2015, respectively. Both audits concluded that GNPEC had successfully implemented a number of policies and procedures to address the concerns identified in the original audit. GNPEC should continue to incorporate DOAA and OIAC recommendations to improve efficiency and effectiveness.

GNPEC should implement a risk assessment model developed by OIAC to determine which institutions require more resource-intensive authorization procedures. A risk assessment model would allow GNPEC

to concentrate staff activity on institutions classified as high-risk, which includes all newly created institutions and any institution whose data indicates excessive risk regarding its ability to satisfy its obligations to students. OIAC's model requires GNPEC to develop authorization procedures for each risk category, including variable levels of data collection, document review, and on-site assessments.

Both DOAA and OIAC recommended that GNPEC improve data collection on student outcomes and make the information available and easily accessible to the general public. GNPEC has made some consumer resources available by providing links on its website, but consumer protection information is limited. In addition to graduation rates, retention rates, job placement data, and student loan default rates for each institution, GNPEC should provide agency information such as student complaints history and disciplinary actions against institutions. The 31 school closures in FY 2015 were the most in GNPEC's history, demonstrating an increasing need for consumer protection services.

The commission will report new performance measures to better demonstrate the workload and effectiveness of the program. GNPEC should work with the Office of Planning and Budget to develop performance measures that capture the full scope of the commission's activities, including SARA and TGTF.

Georgia Student Finance Commission
 ZBB Program: Nonpublic Postsecondary Education Commission

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Regulate colleges and schools	NPEC authorizes and regulates degree-granting and nondegree-granting instructional programs under the Nonpublic Postsecondary Educational Institutions Act of 1990. Standards Administrators review and authorize identified institutions annually, ensuring each school meets minimum standards. The staff provides standards, collects fees, prepares publications, grant exemptions as applicable, and manages school closures.	OCGA 20-3-250.1 - 250.27	4.0	\$434,313	\$434,313
Student complaints	Standards Administrators investigate student complaints, consult with appropriate institution officials, and take action in order to resolve such complaints.	OCGA 20-3-250.5 OCGA 20-3-250.14 OCGA 20-3-250.16	1.0	108,578	\$108,578
Administration and student records	The staff supports the daily operations of the agency by providing leadership, communications, financial management, and administrative services. The administrative staff is also assigned the responsibility of attempting to obtain individual transcripts by request from students of closed institutions.	OCGA 20-3-250.1 - 250.27	4.0	434,313	\$434,313
State Authorization Reciprocity Agreement (SARA)	The SARA Coordinator provides assistance to institutions in Georgia during the SARA application and annual renewal processes. The SARA Coordinator provides information, evaluates applications, communicates with all stake-holders, collects fees, maintains records, and responds to complaints.		1.0		
Tuition Guaranty Trust Fund (TGTF)	NPEC collects and administers an uncapped 1/10 of one percent of annual gross tuition after refunds for the TGTF. The TGTF is designed to provide reimbursement to students at institutions which close and fail to honor their commitments to complete the students' programs of study.	OCGA 20-3-250.10 OCGA 20-3-250.27			
Total			10.0	\$977,204	\$977,204

* (Listed in priority order as determined by Agency)

Georgia Student Finance Commission
 ZBB Program: Nonpublic Postsecondary Education Commission

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$767,710	\$896,046	\$892,900
Regular Operating Expenses	29,363	27,913	31,915
Motor Vehicle Purchases			
Equipment	3,791	1,993	8,300
Computer Charges	4,438	182	6,000
Real Estate Rentals			31,900
Telecommunications	7,504	5,532	3,189
Contractual Services	180,693	163,021	3,000
Total Expenditures	\$993,498	\$1,094,688	\$977,204
Fund Type			
State General Funds	\$700,774	\$872,605	\$977,204
Other Funds	292,724	222,083	
Total Funds	\$993,498	\$1,094,688	\$977,204
Positions	8	9	10
Motor Vehicles	1	1	1

Georgia Student Finance Commission
 ZBB Program: Nonpublic Postsecondary Education Commission

Performance Measures

Agency Purpose:

The Georgia Student Finance Commission (GSFC) administers state and lottery funded scholarship and grant programs. The mission of GSFC is to promote and increase access to education beyond high school for Georgia residents

Program Purpose:

The purpose of this program is to authorize private postsecondary schools in Georgia; provide transcripts for students who attended schools that closed; and resolve complaints.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Percentage of authorized colleges and schools that meet prescribed academic and financial standards without remediation	83%	82%	83%	83%
2. Average number of schools assigned to each full-time Standards Administrator	78	81	81	74
3. Average number of days to fill student transcript requests	10	6	14	11
4. Total number of student complaints received	34	35	56	33
5. Total number of schools authorized by NPEC (New)	310	322	310	294
6. Total number of student transcript requests (New)	741	832	601	827
7. Percentage of schools authorized by NPEC that grant degrees (New)	50%	51%	50%	52%
8. Total number of SARA authorized schools (New)	N/A	N/A	N/A	53
9. Total number of adverse actions taken against institutions (New)	0	0	0	53
10. Average payout for Tuition Guaranty Trust Fund claims (New)	\$1,439	\$2,874	\$1,833	\$999



FY 2018 Zero-Based Budget Analysis

Georgia Student Finance Commission
ZBB Program: North Georgia Military
Scholarship Grants

Executive Summary

- The program provides full scholarships to selected recipients who attend the University of North Georgia and agree to serve in Georgia's Army National Guard.
 - The University of North Georgia and the Georgia Student Finance Authority should work together to improve exit counseling for all recipients of the grant.
 - The program purpose statement should be revised to reflect the current name of the university after consolidating in FY 2013.
 - The commission should report the percentage of recipients who retain the scholarship for the maximum allowable number of semesters.
-

Program Overview

The Georgia Student Finance Authority (GSFA), a component unit of the Georgia Student Finance Commission (GSFC), administers the University of North Georgia Military Scholarship Grants (UNGMS) program. The program is a merit-based and competitive service-cancelable loan that provides funding to cover the full cost of education for four years at the University of North Georgia (UNG) for 42 students each year. Recipients must pursue a bachelor's degree and commit to serve as a commissioned officer in the Army National Guard after graduation. All recipients must maintain membership in the Army National Guard and participate in the Reserve Officers' Training Corps (ROTC) program at UNG. Recipients must also qualify for regular admission to UNG and maintain full-time enrollment of at least 12 hours each semester.

Students apply for UNGMS in high school and must receive a nomination from a member of the Georgia General Assembly to be eligible. An eight person Selection Committee selects three candidates from each congressional district to receive four-year awards. The Selection Committee membership is comprised of four UNG staff members, a commissioned officer of the Army National Guard designated by the adjutant general, a member of the House Committee on Higher Education, a member of the Senate Higher Education Committee, and a GSFA representative. In the event a congressional district does not have three qualified nominees, the Selection Committee may select a candidate without regard to the nominee's congressional district of residence. If a UNGMS recipient fails to maintain eligibility or

chooses to terminate his or her participation, the Selection Committee may choose a current UNG student to fill such vacancy for the remaining period of the vacated award.

The UNGMS award amount funds all educational costs at UNG, including tuition, fees, on-campus room and board charges, uniform deposits, and an allowance for books and supplies. UNG assesses the funding amount necessary to meet these costs for each award year. A student is ineligible to receive UNGMS payment for a school term in which he or she is receiving any other financial aid authorized by the laws of the State of Georgia, including the Helping Outstanding Pupils Educationally (HOPE) and North Georgia ROTC Grants programs. A student may only receive UNGMS funds for a maximum of two semesters per award year, regardless of the structure of the school terms.

In order to have the balance of his or her loan forgiven, each borrower has a service obligation upon graduation. A borrower must accept a commission as a second lieutenant and serve as an officer in the Army National Guard for at least the number of years corresponding to the number of years of his or her UNGMS award. If a recipient fails to commission as an officer, he or she may fulfill the obligation through serving as an enlisted member of the Army National Guard. GSFA sends a Verification of Status (VOS) form to the borrower each year. The borrower’s commanding officer completes the form to indicate the dates the borrower has been a member of the National Guard or served on active duty in the Army. The VOS is processed and verified annually for borrowers in service repayment.

If a recipient fails to honor his or her service obligation, he or she must repay GSFA a dollar amount equal to the amount of UNGMS funds received, plus 8 percent per annum simple interest, within five years after graduation from UNG or within five years of termination of enrollment at UNG. Interest begins to accrue from the date that participation in the Military Scholarship Program ends. GSFA utilizes the funds received from cash repayment to offset the operating costs to administer the program.

Results and Recommendations

Exit Counseling

According to program regulations, recipients who do not commission as officers must either begin cash repayment or serve as an enlisted member of the Army National Guard. Students must maintain membership in the Army National Guard to receive UNGMS, and the enlistment period for National Guard contracts is eight years. Since it is difficult to get out of this obligation, the majority of recipients who do not commission as officers must still serve as enlisted members in the National Guard. The table below shows UNGMS repayment trends for FY 2015 and FY 2016. Approximately 52 percent of active borrowers, which does not include defaulted loans, were repaying loans through service in FY 2016.

Repayment Status	FY 2015		FY 2016	
	# of Borrowers	Principle Balance	# of Borrowers	Principle Balance
Service Repayment	85	\$1,415,188	84	\$1,699,841
Deferment	36	\$540,938	38	\$813,625
Cash Repayment	32	\$779,079	40	\$550,748
Defaulted	6	\$71,535	5	\$104,501
Total Balance	159	\$2,806,740	167	\$3,168,715

GSFA and UNG should work together to improve exit counseling for all UNGMS recipients. If the borrower does not return his or her VOS form annually, the loan will convert to cash repayment status. Exit counseling would create a better understanding of the program regulations and borrowers' responsibilities, leading to more informed decision-making. In addition, GSFC should make the VOS form more visible on its website to ensure that all borrowers have access to the form. An increase in service repayment would not significantly increase the cost of the program. GSFA recouped only \$44,881 through cash repayment in FY 2016, which was 1 percent of the total outstanding balance.

Program Purpose Statement

On January 8, 2013, the Board of Regents of the University System of Georgia officially consolidated North Georgia College and State University and Gainesville State College, creating the University of North Georgia. The program purpose statement does not reflect the institution's name change.

The current program purpose statement is the following:

The purpose of this appropriation is to provide outstanding students with a full scholarship to attend North Georgia College and State University, thereby strengthening Georgia's Army National Guard with their membership.

The program purpose statement should be updated to the following:

The purpose of this appropriation is to provide outstanding students with a full scholarship to attend the University of North Georgia, thereby strengthening Georgia's Army National Guard with their membership.

Performance Measures

Program regulations increased the annual number of awards from 39 to 42 in FY 2014 following the addition of a 14th congressional district in Georgia. Coinciding with an increase in the total number of scholarships available, the percentage of students receiving six or more awards increased from 20 percent in FY 2012 to 26 percent in FY 2016. As a result, the overall number of students receiving UNGMS increased by 31 percent over the same time period. GSFC should report a new performance measure to assess UNGMS retention, which is directly correlated with program cost.

Georgia Student Finance Commission
 ZBB Program: North Ga. Military Scholarship Grants

Key Activities

Activity	Description	Authority	No. of Positions ¹	FY 2017 State Funds	FY 2017 Total Budget
North Ga. Military Scholarship Grants	The North Ga. Military Scholarship currently offers 42 service-cancelable loans each year for Georgia residents to attend the University of North Georgia and commission as officers in the Georgia Army National Guard. The program provides each student an average of \$15,339 per year to cover the full cost of room, meals, tuition, books, uniforms, and fees for the spring and fall semesters for up to four years.	OCGA 20-3-420 - 20-3-427		\$3,037,740	\$3,037,740
Total			0.0	\$3,037,740	\$3,037,740

¹ Positions to administer the program are located in the Georgia Student Finance Authority.

Georgia Student Finance Commission
 ZBB Program: North Ga. Military Scholarship Grants

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Financial Aid- State	\$2,240,940	\$2,833,976	\$3,037,740
Total Expenditures	\$2,240,940	\$2,833,976	\$3,037,740
Fund Type			
State General Funds	\$1,758,217	\$2,351,253	\$3,037,740
Other Funds	482,723	482,723	
Total Funds	\$2,240,940	\$2,833,976	\$3,037,740
Positions	0	0	0
Motor Vehicles	0	0	0

Georgia Student Finance Commission
 ZBB Program: North Ga. Military Scholarship Grants

Performance Measures

Agency Purpose:

The Georgia Student Finance Commission (GSFC) administers state and lottery funded scholarship and grant programs. The mission of GSFC is to promote and increase access to education beyond high school for Georgia residents.

Program Purpose:

The purpose of this program is to provide outstanding students with a full scholarship to attend North Georgia College and State University, thereby strengthening Georgia's Army National Guard with their membership.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of students awarded scholarship	133	143	158	165
2. Average dollar amount per student	\$13,177	\$13,905	\$14,152	\$15,370
3. Percentage of students repaying loans through service	48%	62%	56%	52%
4. Percentage of students with six or more awards	19%	16%	20%	26%
5. Percentage of borrowers in repayment status that defaulted (New)	3%	4%	4%	3%



FY 2018 Zero-Based Budget Analysis

Georgia Student Finance Commission

ZBB Program: North Georgia ROTC Grants

Executive Summary

- The program provides financial aid to students at the University of North Georgia for participating in the Reserve Officers' Training Corps program.
 - The Georgia Student Finance Commission should use existing funds to increase the award amount of the Reserve Officers' Training Corps Grant for Future Officers.
 - The program purpose statement should be revised to reflect the current name of the university after consolidating in FY 2013.
 - The commission should revise performance measures to better demonstrate the workload and effectiveness of the program.
-

Program Overview

The Georgia Student Finance Authority (GSFA), a component unit of the Georgia Student Finance Commission (GSFC), administers the North Georgia Reserve Officers' Training Corps (ROTC) Grants program. The program provides non-repayable financial assistance to residents of Georgia participating in the ROTC program as full-time students at the University of North Georgia (UNG). The program includes two different awards: the ROTC Grant and the ROTC Grant for Future Officers. The ROTC Grant, which began in FY 1978, provides financial assistance toward the educational costs at UNG in the amount of \$750 per term. Students are not required to maintain membership or commit to military service to receive the ROTC Grant. The future officers' grant, which began in FY 2009, provides \$1,500 per term to ROTC participants that have signed a contract to accept a military commission as an officer in the Army National Guard or any branch of the armed services of the United States. A student may only receive program funds for a maximum of two semesters per academic year, regardless of the structure of the school terms.

An ROTC Grants program recipient must participate fully in the ROTC program at UNG each term for which he or she receives an award. Program participants train as cadets in UNG's "Corps of Cadets." In addition to the academic requirements, cadets participate in over 300 hours of leader development training and education each semester. Cadets also have additional expenses compared to UNG students who do not participate in the ROTC program. Cadets must purchase military style uniforms, which cost up to \$1,620. Uniforms are generally not a recurring expense as most participants do not have to

purchase additional uniforms after their first semester in ROTC. All new cadets must participate in FROG (Freshmen Recruit Orientation Group) week, which helps them transition into the cadet regimen. The cost is \$150 for fall semester and \$75 for spring semester.

To apply for the ROTC Grant or future officers' grant, a student must complete and submit an application to the UNG financial aid office on or before the last day of the school term or the student's withdrawal date, whichever occurs first. Only cadets who fully participate as determined by the Army National Guard Commandant are eligible, so the school cannot disburse funds until the end of the academic term. GSFA electronically transfers funds to UNG on behalf of eligible students each school term. The school applies the program funds to any of UNG's direct charges, such as tuition, fees, room and meals. If a student does not owe a balance, UNG transfers any remaining balance to the student. As most cadets have already used other funds to pay for educational expenses before the end of the term, the ROTC Grant and future officers' grant act as a reimbursement to cadets for those expenses.

Results and Recommendations

Program Award Amount

Since the future officers' ROTC grant was introduced in FY 2009, tuition and fees at UNG have increased by 79 percent; however, the award amount has remained constant since then. The current future officers' ROTC grant award amount funds 42 percent of tuition and fees in FY 2017, compared to over 74 percent in FY 2009. In FY 2016, the program surplused \$394,500 in state general funds. GSFC has the authority to defer these state general funds to use in the following fiscal year to fund other scholarship and grant programs. The commission should use existing funds to increase the award amount of the ROTC Grant for Future Officers from \$1,500 to \$2,000 per term, which would cost an estimated \$163,000 in FY 2017.

Recipients can use program funds for tuition and fees, books, transportation, housing, and other non-tuition expenses involved in pursuing a postsecondary education. This flexibility allows the cadets to use funds for uniforms and the FROG week expense. Many state-funded scholarship awards are disbursed only after Pell grants and other financial aid (except loans) are exhausted. The ROTC Grants program is provided equally to all students who are eligible.

In contrast to the University of North Georgia Military Scholarship Grant (UNGMS), cadets receiving funds from the ROTC Grants program are eligible to receive other state-funded financial aid. Approximately 77 percent of the students receiving the ROTC Grant also receive the Helping Outstanding Pupils Educationally (HOPE) or Zell Miller Scholarship. Furthermore, 94 percent of future officers' grant recipients receive the HOPE or Zell Miller Scholarship. For students receiving these awards, ROTC Grants are supplementary financial aid that increase access to postsecondary education and to the ROTC program for those interested.

Program Purpose Statement

On January 8, 2013, the Board of Regents of the University System of Georgia officially consolidated North Georgia College and State University and Gainesville State College, creating the University of North Georgia. The program purpose statement does not reflect the institution's name change.

The current program purpose statement is the following:

The purpose of this appropriation is to provide Georgia residents with non-repayable financial assistance to attend North Georgia College and State University and to participate in the Reserve Officers Training Corps program.

The program purpose statement should be updated to the following:

The purpose of this appropriation is to provide Georgia residents with non-repayable financial assistance to attend the University of North Georgia and to participate in the Reserve Officers' Training Corps program.

Performance Measures

The commission should revise performance measures to better demonstrate the workload and effectiveness of the program. GSFC currently reports the overall number of students receiving funds from the program but does not differentiate between the ROTC Grant and the future officers' grant. The overall number of students receiving program grants decreased by 11 percent in FY 2016. In comparison, the number of students receiving the ROTC Grant decreased by 18 percent, and the number receiving the future officers' grant increased by 10 percent. Reporting the number of recipients for each grant separately more accurately describes the program's trends.

Georgia Student Finance Commission
 ZBB Program: North Georgia ROTC Grants

Key Activities

Activity*	Description	Authority	No. of Positions ¹	FY 2017 State Funds	FY 2017 Total Budget
North Georgia ROTC Grant	The Reserve Officers' Training Corps (ROTC) grant provides non-repayable financial assistance to full-time UNG students for participation in the ROTC program. Recipients currently receive an award of \$750 at the end of each Spring and Fall semester for which they participate fully in ROTC. A student who meets all eligibility requirements is eligible regardless of the previous number of credit hours or school terms for which they have received academic credit or previous ROTC Grant payment.	OCGA 20-3-430 - 20-3-436		\$618,750	\$618,750
North Georgia ROTC Grant for Future Officers	The ROTC Grant for Future Officers provides \$1,500 in grant assistance per semester to ROTC participants who sign an agreement to commission as officers in the Army National Guard upon graduation from UNG.	OCGA 20-3-440 - 20-3-446		\$618,750	\$618,750
Total			0.0	\$1,237,500	\$1,237,500

* (Listed in priority order as determined by Agency)

¹ Positions to administer the program are located in the Georgia Student Finance Authority.

Georgia Student Finance Commission
 ZBB Program: North Georgia ROTC Grants

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Financial Aid- State	\$1,237,500	\$1,237,500	\$1,237,500
Total Expenditures	\$1,237,500	\$1,237,500	\$1,237,500
Fund Type			
State General Funds	\$1,237,500	\$1,237,500	\$1,237,500
Total Funds	\$1,237,500	\$1,237,500	\$1,237,500
Positions	0	0	0
Motor Vehicles	0	0	0

Georgia Student Finance Commission
 ZBB Program: North Georgia ROTC Grants

Performance Measures

Agency Purpose:

The Georgia Student Finance Commission (GSFC) administers state and lottery funded scholarship and grant programs. The mission of GSFC is to promote and increase access to education beyond high school for Georgia residents.

Program Purpose:

The purpose of this program is to provide Georgia residents with non-repayable financial assistance to attend North Georgia College and State University and to participate in the Reserve Officers Training Corps program.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Total number of awards disbursed	798	901	897	820
2. Average dollar amount per award	\$959	\$951	\$970	\$1,027
3. Number of students receiving the Reserve Officers' Training Corps Grant (New)	355	386	385	314
4. Number of students receiving the Reserve Officers' Training Corps Grant for Future Officers (New)	123	141	148	163



FY 2018 Zero-Based Budget Analysis

Georgia Student Finance Commission

ZBB Program: Public Safety Memorial Grant

Executive Summary

- The Public Safety Memorial Grant (PSMG) provides financial assistance to dependent children of public safety officers on a first-come, first-served basis.
 - The average grant award amount increased by 40 percent from FY 2011 to FY 2016.
 - After a 59 percent increase in state funds to \$600,000 in FY 2016, the number of students receiving the PSMG increased by 44 percent.
 - Georgia Student Finance Commission should track the percentage of eligible applicants that were awarded the PSMG.
 - The program purpose statement should be revised to reflect the availability of the grant to private postsecondary institutions.
-

Program Overview

Created in FY 1995, the Public Safety Memorial Grant (PSMG) is a non-need based grant that provides financial assistance for postsecondary education to the dependent children of Georgia public safety officers who were permanently disabled or killed in the line of duty. These officers include law enforcement officers, firefighters, EMTs, paramedics, Highway Emergency Response Operators or prison guards. The Student Aid Services Division of the Georgia Student Finance Authority (GSFA) administers the PSMG and works in conjunction with the Georgia Student Finance Commission (GSFC) to provide student financial aid services for the state. The grant is awarded on a first-come, first-served basis; and students must submit the application by the last day of the school term, the last day of classes, or the last day of exams, depending on which day occurs latest.

Eligible undergraduate or graduate students must attend full-time at an eligible public or private postsecondary institution in Georgia. The postsecondary institution verifies a student's eligibility, then forwards the documentation to GSFA for review. After GSFA confirms eligibility, GSFA sends an award letter to the student and the postsecondary institution. GSFA performs compliance reviews on a three-year cycle to ensure that the participating postsecondary institutions adhere to program regulations. GSFA requires all participating postsecondary institutions to retain records for all applicants for three years after the grant award. If GSFA determines a student was ineligible but has received the PSMG or that the student's file was incomplete, GSFA will cancel all future PSMG payments. If GSFA determines

that the postsecondary institution is at fault, the institution will be required to refund the awarded funds to GSFA. If the student is determined to be at fault, the student will be ineligible to receive any state aid from GSFA until the student pays the refund in full.

Since FY 2011, the grant award amount has been capped at \$18,000 per academic year. The PSMG award amount is determined by the cost of attendance after applying any federal or other Georgia grants or scholarships that the student may receive. GSFA disburses the funds to the eligible postsecondary institution on behalf of the student for each school term. The percentage of PSMG recipients receiving the maximum award amount of \$18,000 increased from 28 percent in FY 2013 to 44 percent in FY 2016. Since the availability of the PSMG is limited by state appropriations, an increase in the number of recipients receiving the maximum award amount decreases the total number of students that are able to receive the PSMG. The number of students receiving the PSMG decreased to 27 in FY 2014 and FY 2015 compared to 32 in FY 2013.

GSFC awards all funds appropriated to the grant program to students. GSFA funds all costs associated with administering the grant program. From FY 2012 to FY 2015, the PSMG program received \$376,761 in appropriations each year. During those years, however, not all applicants received awards due to a shortage of funds. Approximately 25 percent of the applicants in FY 2012, 18 percent of the applicants in FY 2014, and 41 percent of the applicants in FY 2015 did not receive any PSMG awards. In FY 2013, all students who applied for the grant received aid. In FY 2016, the PSMG program budget increased by 44 percent to \$600,000. The budget increase allowed the authority to award grants to 44 percent more students compared to FY 2015, with every applicant receiving an award.

Results and Recommendations

From FY 2011 to FY 2015, an average of 30 students received the PSMG, but the number of students who received the grant increased to 39 students in FY 2016. The total average grant award amount increased 40 percent from an average of \$5,303 in FY 2011 to an average of \$7,418 in FY 2016. Increases in the grant award amount contributed to a decrease in the number of awards from FY 2012 to FY 2015 (56 awards on average) compared to FY 2011 (66 awards). In FY 2016, the number of awards increased by 18 percent to 78 awards.

The commission should report the proportion of the applicants the grant is able to serve each year to demonstrate the PSMG's budgetary needs. To reflect the ability of the program to provide for its intended recipients, the program should include a new performance measure to track the percentage of eligible applicants that were awarded the PSMGs.

All eligible PSMG recipients must attend a unit of the Technical College System of Georgia, a unit of the University System of Georgia, or an eligible private postsecondary institution. The program purpose statement does not reflect the eligibility of private postsecondary institutions.

Beginning January 1, 2017, Georgia taxpayers may choose to make a charitable contribution to the PSMG program on their income tax return, and the Georgia Department of Revenue will transmit the total amount annually to the Georgia Student Finance Authority. Georgia citizens also have the option to voluntarily donate an amount of \$1, \$5, or \$10 to the PSMG program when applying for or renewing their drivers' licenses and identification cards. The Georgia Department of Driver Services annually withholds administrative costs before transmitting the balance to the GSFA. If the administrative costs

exceed the total contributions to the program, the Department of Driver Services is not allowed to withhold an amount greater than the total contributions. The commission should report the total amount of donations received from income tax returns and drivers' license renewals.

The current program purpose statement is the following:

The purpose of this appropriation is to provide educational grant assistance to the children of Georgia law enforcement officers, fire fighters, EMTs, correctional officers, and prison guards who were permanently disabled or killed in the line of duty, to attend a public postsecondary institution in the State of Georgia.

The program purpose statement should be updated to the following:

The purpose of this appropriation is to provide educational grant assistance to the children of Georgia law enforcement officers, fire fighters, EMTs, correctional officers, and prison guards who were permanently disabled or killed in the line of duty, to attend an eligible public or private postsecondary institution in the State of Georgia.

Georgia Student Finance Commission
 ZBB Program: Public Safety Memorial Grant

Key Activities

Activity	Description	Authority	No. of Positions ¹	FY 2017 State Funds	FY 2017 Total Budget
Public Safety Memorial Grant	Created in 1995, the Georgia Public Safety Memorial Grant provides financial assistance toward the postsecondary educational costs of the dependent children of Georgia public safety officers who were permanently disabled or killed in the line of duty. A recipient must enroll full-time and is eligible to receive payment for no more than eight semesters or twelve quarters at an eligible public or private postsecondary institution in Georgia. The award amount received by an eligible student (determined by individual postsecondary institutions) equals the cost of attendance, less other student financial aid. The award amount cannot exceed a total of \$18,000 for one academic year.	OCGA 20-3-450 - 453		\$600,000	\$600,000
Total			0.0	\$600,000	\$600,000

¹ Positions to administer the program are located in the Georgia Student Finance Authority.

Georgia Student Finance Commission
 ZBB Program: Public Safety Memorial Grant

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Financial Aid - State	\$376,761	\$600,000	\$600,000
Total Expenditures	\$376,761	\$600,000	\$600,000
Fund Type			
State General Funds	\$376,761	\$600,000	\$600,000
Total Funds	\$376,761	\$600,000	\$600,000
Positions	0	0	0
Motor Vehicles	0	0	0

Georgia Student Finance Commission
 ZBB Program: Public Safety Memorial Grant

Performance Measures

Agency Purpose:

The Georgia Student Finance Commission (GSFC) administers state and lottery funded scholarship and grant programs. The mission of GSFC is to promote and increase access to education beyond high school for Georgia residents.

Program Purpose:

The purpose of this program is to provide educational grant assistance to the children of Georgia law enforcement officers, fire fighters, EMTs, correctional officers, and prison guards who were permanently disabled or killed in the line of duty, to attend a public postsecondary institution in the State of Georgia.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of awards disbursed	62	52	51	78
2. Average dollar amount per award	\$6,004	\$7,183	\$7,438	\$7,418
3. Number of students receiving the Public Safety Memorial Grant	32	27	27	39
4. Percentage of eligible applicants awarded (New)	100%	82%	64%	100%



FY 2018 Zero-Based Budget Analysis

Teachers Retirement System

ZBB Program: System Administration

Executive Summary

- System Administration is responsible for administering the Teachers Retirement System of Georgia, including paying retiree benefits, investing retirement funds, monitoring the status and contributions of members, providing retirement advice, and processing refunds.
 - TRS should strive to improve its funded ratio for the plan using investment practices.
 - The Teachers Retirement System annually receives a report from an independent actuary related to funding for the Teachers Retirement System.
-

Program Overview

The Teachers Retirement System (TRS) was created by the Georgia General Assembly in 1943 to provide retirement benefits for Georgia's public school teachers and University System of Georgia staff. Today, TRS serves more than 420,000 retired and active members, from 300 employers. The System Administration program of TRS is responsible for paying monthly benefits due to retirees, investing retirement funds, monitoring the status and contributions of members, counseling members with retirement advice, and processing refunds due to terminated employees. Membership in TRS is required for all personnel employed with local boards of education, public charter schools, public universities and colleges, technical colleges, the Board of Regents, county and regional libraries, and certain state agencies.

Results and Recommendations

TRS is financed through employer contributions, member contributions, and returns on invested funds. The rates of employer contributions are actuarially determined to ensure that the plan has enough funds to pay benefits as they become due to retirees. The actuarially determined employer and non-employer contribution rates are calculated based on June 30 of three years prior to the end of the fiscal year in which contributions will be reported. For example, the ADEC for FY 2018 was calculated based on data from the end of FY 2015. Over the past decade, the employer contribution rate and the employee contribution rate have risen to 16.81 percent and 6 percent, respectively. As the total number of members in TRS increases, the employer share needed to fund the retirement benefits will continue to grow. In FY 2015, TRS paid approximately \$4 billion in pension benefits.

Table 1: Contribution Rates

Fiscal Year	Member	Employer
2012	5.53%	10.28%
2013	6.00	11.41
2014	6.00	12.28
2015	6.00	13.15
2016	6.00	14.27

The funded ratio is calculated by dividing the plan's actuarial value of assets by the actuarially accrued liabilities. The current ratio is 79.1 percent. During the Great Recession, the funded ratio suffered as the value of assets decreased. The actuarial value of plan assets is over \$65 billion, and the actuarially accrued liability is over \$75.7 billion for FY 2015. TRS should continue its efforts through sound investing practices to improve the funded ratio year over year.

Table 2: Funded Ratios

Actuarial Valuation Date	Funded Ratio
6/30/2010	85.7%
6/30/2011	84.0
6/30/2012	82.3
6/30/2013	81.1
6/30/2014	81.9
6/30/2015	79.1

Teachers Retirement System of Georgia
 ZBB Program: System Administration

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Contributions Collection	Collect contributions once per month from the employer on behalf of the employee or member.	47-3-42	7		\$498,395
Investment Services	Invest in a mix of liquid, high quality bonds and stocks to participate in rising markets while moderating the risks on the downside.	47-3-27	54		18,984,190
Monthly Benefits Payments and Refunds Processing	Through the Member Services Division (MS) and Retirement Services Division (RS), process a member's benefits payment check; for MS, process the application paperwork and the first retirement benefits check and handle the requests for refunds of contributions by members; for RS, process future checks and handle the associated production of 1099Rs sent to the retirees.	47-3-26 47-3-128	58		4,631,975
Retirement Education and Assistance	Present pre-retirement seminars around the state to educate members on their TRS retirement benefits and options; offer one-on-one counseling sessions to assist the member in choosing his or her retirement options.	47-3-26	12		1,582,052
Data Monitoring and Reporting	Monitor and report on transactions, while keeping secure funds, financial and other transactions, and personal data.	47-3-26	40		8,816,038
Administrative and Human Resources Services	Provide administrative support for the system; operate the Call Center; process mail; provide human resources support for the system.		28		3,915,540
Total			199	0	\$38,428,190

Teachers Retirement System of Georgia
 ZBB Program: System Administration

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$28,394,261	\$29,974,213	\$33,324,365
Regular Operating Expenses	761,677	779,858	870,975
Motor Vehicle Purchases	24,855		
Equipment	597,856	266,542	1,120,000
Computer Charges	628,274	761,537	774,800
Real Estate Rentals	755,350	755,350	755,350
Telecommunications	240,435	245,593	274,200
Contractual Services	846,830	840,180	1,308,500
Total Expenditures	\$32,249,538	\$33,623,273	\$38,428,190
Fund Type			
Other Funds	\$32,249,538	\$33,623,273	\$38,428,190
Total Funds	\$32,249,538	\$33,623,273	\$38,428,190
Positions	197	199	199
Motor Vehicles	3	3	3

Teachers Retirement System of Georgia
 ZBB Program: System Administration

Performance Measures

Agency Purpose:

The Teachers Retirement System collects employee and employer contributions, invests accumulated funds, and disburses retirement benefits to members and beneficiaries.

Program Purpose:

The purpose of this program is to administer the Teachers Retirement System of Georgia, including paying retiree benefits, investing retirement funds, accounting for the status and contributions of active and inactive members, counseling members, and processing refunds.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of retirees and beneficiaries currently receiving benefits	101,139	108,100	113,066	117,918
2. Total benefit payments made during the fiscal year (in millions)	\$3,548.00	\$3,764.00	\$3,997.00	\$4,229.00
3. New retiree on-time processing rate	85.0%	85.0%	95.5%	97.9%



FY 2018 Zero-Based Budget Analysis

Department of Transportation

ZBB Program: Capital Construction Projects

Executive Summary

- The Capital Construction program of the Georgia Department of Transportation (GDOT) provides capital outlay funding for the construction of new roads and bridges and for the enhancement of the state's roadway system.
 - The program utilized a public-private partnership to fund the construction and right-of-way acquisition for the I-285/ SR 400 Interchange project.
 - The department received authorization in the FY 2017 appropriations bill to move up to 10 percent of state funds among the three capital programs, which gives the department greater flexibility in delivering projects.
-

Program Overview

The Capital Construction Projects program of the Georgia Department of Transportation (GDOT) provides capital outlay funding for the construction of new roads and bridges and for the enhancement of the state's roadway system.

Program Structure

The FY 2012 Appropriations Bill (HB 78) created the Capital Construction Projects program, which was previously a special project under the Construction Administration program. The program was established for the sole purpose of separately tracking the allocation and spending of capital outlay funds for capital construction, therefore there are no personnel assigned to this program. Program oversight for capital construction activities is still the responsibility of the Construction Administration program, where the personnel are housed. The primary cost drivers for this program are capital outlay and contractual services related to large-scale construction of state roads and bridges.

Transportation Funding Act of 2015

In FY 2017, HB 751 appropriated an additional \$825,654,265 in annual revenues, of which the Capital Construction program received \$475,003,235. The additional funds will be used to construct new roads, bridges, and roadway facilities, as determined by the prioritized list of construction projects described in the Statewide Transportation Improvement Program.

HB 170 funding will allow for an increase in the number of construction projects ongoing in Georgia. In addition, the influx of state funding will enable the department to complete more projects using 100 percent state funds, as opposed to federal funds. Federal funds have more stringent requirements, which means that federally funded projects take longer to complete. State-funded projects can be completed more quickly, which reduces the overall cost of the projects. This will also allow the department more flexibility in determining how best to utilize federal funds.

The purpose of this review is to determine whether the program is operating efficiently and effectively.

Results and Recommendations

I-285 and State Route (SR) 400 Improvements

The I-285/SR 400 reconstruction project will make improvements along the interchange, including 4.3 miles of I-285 and 6.2 miles of SR 400. Once completed, this project is expected to save the average Atlanta commuter eight hours a year, to reduce traffic congestion, and to improve safety in the area surrounding the interchange. This project is estimated to be completed by 2020.

In December 2015, the State Transportation Board agreed to contract out the project to North Perimeter Contractors (NPC). NPC will finance \$460 million of the project cost during the construction period, reimbursable by GDOT following completion of construction. The total project cost is currently estimated to be \$803 million. The difference between the total cost and the amount paid by NPC will be used for planning, engineering, right-of-way acquisition, and consultant fees; the difference will be funded by the Capital Construction Projects program.

Flexibility in Capital Programs

Staff in the Construction Administration program manage the Capital Construction Projects program, the Capital Maintenance Projects program, and the Local Road Assistance Administration program. Internally, GDOT refers to these three programs as “Capital Projects” or “the capital programs.” The three capital programs are central to the operations of the department because the funds held in these programs are used for construction, maintenance, and enhancement projects throughout the state.

In the FY 2017 appropriations bill, language was added which authorizes up to 10 percent of state funds to be moved from one program to another. This flex language benefits the capital programs by allowing the department greater flexibility in delivering projects based on priority and readiness rather than based on available funding within a program. This is particularly useful when projects experience delays, such as environmental reporting requirements or right-of-way acquisition delays. Having flexibility between the capital programs allows projects to progress more quickly.

Department of Transportation
 ZBB Program: Capital Construction Projects

Key Activities

Activity*	Description	Authority	No. of Positions**	FY 2017 State Funds	FY 2017 Total Budget	
Bridges and Roadways	Funds capital outlay activities from the design, construction, and replacement of new state roadways and bridges.	OCGA 32-2-1 et seq.		\$444,387,889	\$1,029,773,925	
Planning and Engineering	Creates, reviews, and assesses construction plans in order to ensure that public safety standards and department technical objectives are met.	OCGA 32-2-1 et seq.		31,433,709	99,991,957	
Right of Way Acquisition	Supports the timely acquisition of the rights of way prior to construction.	OCGA 32-2-1 et seq.		200,339,093	323,154,162	
Safety Enhancement and Improvements	Funds and tracks capital outlay activities for enhancements and safety improvements to state roadways and bridges.	OCGA 32-2-1 et seq.		22,081,334	176,075,110	
Total				0	\$698,242,025	\$1,628,995,154

* (Listed in priority order as determined by Agency)

** (Positions to administer the program are located in a separate program within the agency)

Department of Transportation
 ZBB Program: Capital Construction Projects

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services			
Regular Operating Expenses	\$128,465	\$1,520	
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Capital Outlay	1,042,260,904	1,372,959,097	\$1,488,005,473
Contractual Services	23,804,317	30,266,732	27,774,635
Transfers	148,327,473	133,406,740	86,019,730
Grants and Benefits	17,919,303	26,627,905	27,195,316
Other	49,430	2,156,730	
Total Expenditures	\$1,232,489,892	\$1,565,418,724	\$1,628,995,154
Fund Type			
State Motor Fuel Funds	\$183,879,176	\$373,772,788	\$698,242,025
Prior Year State Motor Fuel Funds	196,368,700	171,773,953	
Other Funds	202,941,247	163,917,888	55,300,430
Federal Funds	649,300,769	855,954,095	875,452,699
Total Funds	\$1,232,489,892	\$1,565,418,724	\$1,628,995,154
Positions	0	0	0
Motor Vehicles	0	0	0

Department of Transportation
 ZBB Program: Capital Construction Projects

Performance Measures

Agency Purpose:

The Department of Transportation plans, constructs, maintains, and improves the state's roads and bridges and provides planning and financial support for other modes of transportation.

Program Purpose:

The purpose of this program is to provide funding for Capital Outlay road construction and enhancement projects on local and state road systems.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Percentage of construction funds authorized on schedule per the approved State Transportation Improvement Program (FHWA Target: 80%)	74.70%	69.00%	63.00%	59.00%
2. Percentage of projects completed on budget (FHWA Target: 90%)	99.00%	100.00%	93.00%	84.85%



FY 2018 Zero-Based Budget Analysis

Department of Transportation

ZBB Program: Departmental Administration

Executive Summary

- The Departmental Administration program supports the operations of the Georgia Department of Transportation (GDOT) and oversees its \$4 billion dollar.
 - The department is responsible for operating the Disadvantaged Business Enterprise (DBE) program, a federal civil rights requirement. As a recipient of federal funds GDOT is required to set, monitor and meet DBE participation on all federally funded projects.
 - In FY 2018, the Departmental Administration program should reduce the number of authorized positions to accurately reflect program staffing levels and submit quarterly amendments in order to more accurately align the budget to actual expenditures throughout the fiscal year.
 - The department should report new performance measures to better demonstrate the workload of the program.
-

Program Overview

The Departmental Administration program within the Georgia Department of Transportation (GDOT) currently has over 400 full-time employees, who support the department's nearly 4,000 employees and oversee its \$4 billion budget. In FY 2017, the program will be 85 percent state funded, and the program's budget represents 2.3 percent of the overall agency budget. The majority of the program's budget (56 percent) funds personal services.

Transportation Funding Act of 2015

As a result of the 2015 Transportation Funding Act, the FY 2017 budget allocated an additional \$825,654,265 to the department of which \$8,457,398 was appropriated to GDOT's Departmental Administration program. The additional funds will be used to support other statewide programs through procurement assistance and coverage of regular operating expenses and computer charges.

The purpose of this review is to determine whether the program is operating efficiently and effectively.

Results and Recommendations

Disadvantaged Business Enterprise (DBE) Program

GDOT's Departmental Administration program contains their Equal Employment Opportunity Office (EEO), which is responsible for ensuring internal and external compliance with federal and state laws and regulations as they relate to fair and equitable employment and business practices. This office manages and operates the Disadvantaged Business Enterprise (DBE) program for the state and provides training in cultural diversity, affirmative action, sexual harassment, and workplace violence.

Of the 16 employees in GDOT's EEO office, 14 are engaged in daily operation of the DBE program and provide certification processing, contract monitoring, and compliance review under federal DBE guidelines.

The Federal Highway Administration (FHWA) requires all state transportation agencies to operate a DBE program. The DBE program is a federal civil rights requirement applicable to any program funded by the FHWA, Federal Transit Authority, Federal Aviation Authority, or other federal sources. Its objective is to ensure that businesses owned by minorities, women, or otherwise disadvantaged individuals are able to participate in the expenditure of those federal funds. These are firms that have traditionally been overlooked or underutilized.

As a recipient of federal funding, GDOT is required to comply with federal regulations relative to DBE in order to remain in good standing with the FHWA. The federal regulations require that GDOT set, monitor, and meet DBE participation goals on all federally funded projects. The overall agency DBE participation goal is 15 percent. However, a project specific goal is set on all projects funded with federal dollars; these goals are set based upon the dollar amount of the project, the geographic location, the work type of the project, and the capacity of certified DBE contractors in the area. The department is responsible for identifying, recruiting, and certifying eligible firms. Once certified, the department ensures that the firms have the necessary tools and assistance to successfully compete for federally funded opportunities and that the firms are compliant with the federal regulations applicable to the projects on which they are working.

BudgetNet Amendments and Prior Year Motor Fuel Funds

State agencies submit amendments to their Annual Operating Budget throughout the fiscal year to account for additional funds received from federal grants, fees collected, and amended state appropriations. The funds are often used to realign budgets to meet expenditures. As funds are received, these amendments should be submitted to the Office of Planning and Budget for review and approval.

GDOT retains all motor fuel funds collected. Most of the prior year motor fuel funds are reserved for specific projects. These funds are expensed throughout the year; however, the agency does not frequently update their budget to reflect current spending of prior year motor fuel funds.

The department should submit quarterly amendments in accordance with OPB policy in order to more accurately align the budget to expenditures throughout the fiscal year.

New performance measures should be added to monitor the program's overall performance

Performance measures are an integral component of the zero-based budgeting (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program, but should also be appropriate and relevant to the policy goals of the agency and state as a whole. Through ZBB analysis, new measures were developed and evaluated to supplement existing performance measures.

OPB will continue to work with the agency to ensure new performance measures are annually updated into the BudgetTool System.

- Number of internal audit findings
- Number of state audit findings
- Percentage of Disadvantaged Business Enterprise business certifications issued from those submitting approved applications each year

Department of Transportation
 ZBB Program: Departmental Administration

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Financial Services	Manages projects in accordance with the State Transportation Improvement Plan; monitors federal fund balances to comply with Federal Highway Administration authorizations; performs routine accounting duties for all GDOT programs; develops and implements the department's budget; provides procurement services to core engineering, maintenance, and construction functions.	OCGA 32-2-1 et seq.	175	\$21,921,601	\$27,703,546
Human Resources	Develops and implements all personnel related functions of the Department; designs and delivers processes for recruitment and selection of new hires; processes payroll transactions; oversees benefit administration; provides support and assistance to agency employees.	OCGA 32-2-1 et seq.	94	13,335,006	13,335,006
Legal Services	Represents the legal interest of the Department by providing general legal advice and assistance to executive management; reviews condemnations and contract provisions; represents the Department in administrative hearings concerning outdoor advertising, personnel actions, and contractor issues; works with the State Attorney General's Office for representation in state and federal courts.	OCGA 32-2-1 et seq.	27	3,830,268	4,153,712
Information Technology	Develops, maintains, and provides support for various GDOT applications including GIS systems, internal reporting, project management and financial systems, the Navigator systems, contract tracking, external reporting, and informational websites.	OCGA 32-2-1 et seq.	65	19,248,763	19,248,763
Communications	Develops the Department's communication strategy, performs necessary public outreach, and creates and implements informational and public outreach campaigns.	OCGA 32-2-1 et seq.	18	2,553,512	2,772,033
Equal Employment Opportunity	Ensures internal and external compliance with federal and state laws and regulations as they relate to fair and equitable employment and business practices; manages and operates the Disadvantaged Business Enterprise (DBE) program; provides training in cultural diversity, affirmative action, sexual harassment, and workplace violence.	OCGA 32-2-1 et seq.	16	2,269,788	4,427,637
State Transportation Board	Provides policy guidance and leadership to the Department; appoints GDOT Commissioner; designates public roads on the State Highway System; approves transportation plans; oversees the administration of construction contracts; authorizes lease agreements; reviews and approves public private partnerships.	OCGA 32-2-1 et seq.	1	270,529	270,529
Executive Management	Provides direction, guidance, and oversight for all agency activities and operations.	OCGA 32-2-1 et seq.	25	3,546,544	6,803,578
Total			421	66,976,011	\$78,714,804

* (Listed in priority order as determined by Agency)

Department of Transportation
 ZBB Program: Departmental Administration

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$36,602,625	\$36,324,939	\$39,068,356
Regular Operating Expenses	4,140,237	3,808,635	5,712,011
Motor Vehicle Purchases			
Equipment	217,883	121,820	506,598
Computer Charges	8,052,663	6,337,679	6,103,907
Real Estate Rentals	2,398,082	5,209,023	5,403,096
Telecommunications	2,100,015	2,139,949	2,429,647
Capital Outlay		1,425	20,000
Contractual Services	5,045,285	13,943,690	19,471,189
Transfers		489,763	
Other	4,400	1,897	
Total Expenditures	\$58,561,190	\$68,378,820	\$78,714,804
Fund Type			
State Motor Fuel Funds	\$52,542,268	\$58,643,228	\$66,974,177
State General Funds			1,834
Prior Year State Motor Fuel Funds	15,620	501,428	
Other Funds	1,868,928	94,345	898,970
Federal Funds	4,134,374	9,139,819	10,839,823
Total Funds	\$58,561,190	\$68,378,820	\$78,714,804
Positions	419	417	421
Motor Vehicles	67	74	74

Department of Transportation
 ZBB Program: Departmental Administration

Performance Measures

Agency Purpose:

The Department of Transportation plans, constructs, maintains, and improves the state's roads and bridges and provides planning and financial support for other modes of transportation.

Program Purpose:

The purpose of this program is to plan, construct, maintain, and improve the state's roads and bridges and to provide planning and financial support for other modes of transportation such as mass transit, airports, railroads, and waterways.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of internal audit findings (New)	13	15	62	59
2. Number of state audit findings (New)	7	3	2	N/A
3. Percentage of Disadvantaged Business Enterprise business certifications issued from those submitting approved applications each year (New)	67%	65%	71%	93%



FY 2018 Zero-Based Budget Analysis

Department of Transportation

ZBB Program: Local Road Assistance
Administration

Executive Summary

- The Local Road Assistance Administration program of the Georgia Department of Transportation (GDOT) disburses federal funds to local governments and supervises the construction and maintenance of federally funded roads and bridges.
 - The department provides Locally Administered Projects (LAP) training to local governments that receive federal funds to ensure the local governments understand federal compliance requirements and federal law. The department should examine utilizing existing funds to expand the reach and frequency of LAP certification courses via webinar and/or through an additional instructor.
 - The department should report new performance measures to better demonstrate the effectiveness of the program.
-

Program Overview

The Local Road Assistance Administration program of the Georgia Department of Transportation (GDOT) is a federally funded program that aids local jurisdictions which seek Federal Highway Administration (FHWA) grant funds for construction and maintenance projects.

The program provides project management oversight of local projects, guidance on the federal process in pre-construction and construction activities, and monitoring of the local governments for adherence to federal requirements. The FHWA requires these activities for state and local entities to receive related federal dollars.

Program Structure

In FY 2012, the employees in this program were transferred to the Construction Administration program. In the FY 2013 Appropriations Bill (HB 742), all surplus personal services funds were transferred to the Routine Maintenance program for operating expenses and to the Capital Construction Projects program for capital outlay projects. Program oversight for Local Road Assistance Administration activities is the responsibility of the Construction Administration program. Staff associated with the program provide technical assistance and guidance to local governments utilizing funds from the FHWA.

The purpose of this review is to determine whether the program is operating efficiently and effectively.

Results and Recommendations

Locally Administered Projects (LAP) Training

As a condition of receiving FHWA funds, local governments are required to understand the administrative and federal compliance requirements of the grants. GDOT provides training on the content of the Locally Administered Projects (LAP) manual. Local governments receiving FHWA funds are required to receive the training and attain LAP certification. This certification is provided through the LAP classes over the course of two days.

There is currently only one employee who is certified to teach these courses. The courses are provided four times a year in the metro Atlanta area. While there are no LAP courses outside of metro Atlanta, the people seeking certification come from cities and counties in every part of the state. Many of these people hold positions which tend to have higher turnover. As a result, the cities and counties must get recertified when one of these positions has turnover.

For comparison, the Florida Department of Transportation (FDOT) offers LAP certification through web-based courses in addition to a traditional face-to-face format. For full certification, local governments must reapply and be recertified once every three years. FDOT offers the traditional format courses seven times a year between January and April. The workshops are held all across the state. FDOT also offers eight web-based courses that are available 24/7. The majority of the web-based courses are only required once prior to certification or when a new staff member enters the program. The web-based courses take on average one hour or less to complete.

The department should examine utilizing existing funds to expand LAP certification courses via webinar and/or through an additional instructor, which will allow the courses to be offered in more areas of the state and more frequently.

New performance measures should be added to monitor the program's overall performance

Performance measures are an integral component of the zero-based budgeting (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program, but should also be appropriate and relevant to the policy goals of the agency and state as a whole. Through ZBB analysis, new measures were developed and evaluated to supplement existing performance measures.

OPB will continue to work with the agency to ensure new performance measures are annually updated into the BudgetTool System.

- Percentage of available transportation enhancement (TE) funds authorized in the year
- Number of Locally Administered Projects (LAP) certifications issued each year

Department of Transportation
 ZBB Program: Local Road Assistance Administration

Key Activities

Activity*	Description	Authority	No. of Positions**	FY 2017 State Funds	FY 2017 Total Budget
Assistance to Local Governments	Provides technical assistance to local sub-recipient governments receiving federal grants from the Federal Highway Administration.	OCGA 32-2-1 et seq.			
Federal Compliance	Performs audits of local sub-recipients to ensure federal compliance; monitors local sub-recipients for compliance	OCGA 32-2-1 et seq.			
Federal Grant Disbursement	Disburses federal grant funds to local sub-recipients as a requirement of FHWA compliance.	OCGA 32-2-1 et seq.		\$4,346,461	\$56,597,611
Total			0	\$4,346,461	\$56,597,611

* (Listed in priority order as determined by Agency)

** (Positions to administer the program are located in a separate program within the agency)

Department of Transportation
 ZBB Program: Local Road Assistance Administration

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Capital Outlay	\$58,500,767	\$5,245,244	\$20,162,215
Contractual Services	1,514,484	557,865	3,060,000
Grants and Benefits	34,308,724	39,517,187	33,375,396
Total Expenditures	\$94,323,975	\$45,320,296	\$56,597,611
Fund Type			
State Motor Fuel Funds	\$3,696,611	\$3,079,704	\$4,346,461
Prior Year State Motor Fuel Funds	13,063,606	17,740	
Other Funds	34,506,237	91,976	595,233
Federal Funds	43,057,521	42,130,876	51,655,917
Total Funds	\$94,323,975	\$45,320,296	\$56,597,611
Positions	0	0	0
Motor Vehicles	0	0	0

Department of Transportation
 ZBB Program: Local Road Assistance Administration

Performance Measures

Agency Purpose:

The Department of Transportation plans, constructs, maintains, and improves the state's roads and bridges and provides planning and financial support for other modes of transportation.

Program Purpose:

The purpose of this program is to provide technical and financial assistance to local governments for construction, maintenance, and resurfacing of local roads and bridges.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Percentage of local let road and bridge construction projects completed on schedule	96.00%	75.00%	71.11%	80.77%
2. Percentage of available transportation enhancement (TE) funds authorized in the year (FHWA Target: 90%) (New)				
3. Number of Locally Administered Projects (LAP) certifications issued each year (New)				



FY 2018 Zero-Based Budget Analysis

Department of Transportation
ZBB Program: Planning

Executive Summary

- The Planning program coordinates all planning activities for the programs of the Georgia Department of Transportation (GDOT).
 - The program is responsible for creating both the State Transportation Improvement Program (STIP) and the Statewide Strategic Transportation Plan (SSTP).
 - The program manages Georgia Commute Options to encourage drivers to switch from single-passenger travel to an alternative method of travel.
 - The program manages Georgia Scenic Byways to preserve Georgia's historic and treasured roadways.
 - The department should report new performance measures to better demonstrate the workload of the program.
-

Program Overview

The Planning program of the Georgia Department of Transportation (GDOT) develops the State Transportation Improvement Program (STIP) and the Statewide Strategic Transportation Plan (SSTP). It also coordinates transportation policies, planning, and programs related to design, construction, maintenance, operations, and financing of transportation. Most of the program staff develop plans for GDOT-funded projects, conduct traffic studies across the state, and attend meetings for Georgia's metropolitan planning organizations (MPOs).

Program Structure

The 2009 Transforming Transportation Investment Act (SB 200) created the Planning program and the director of planning position. The planning director is appointed by the governor and confirmed by the House Transportation Committee. Planning duties were previously the responsibility of the GDOT Board of Directors and the Departmental Administration program. The program was established for the purpose of creating and managing a well-balanced and impartial statewide transportation plan. Plans produced by the Planning program must still be approved by the Board.

Although Planning has numerous responsibilities, the program's budget represents less than 1 percent of the overall agency budget. The 32 budgeted employees in the program provide planning services for

the entire department. The centralized nature of the Planning program allows for more consistency across regions of the state. The design plans produced by program staff are in line with both the STIP and the SSTP.

Transportation Funding Act of 2015

The 2015 Transportation Funding Act allocated an additional \$825,654,265 to the department in FY 2017. The Planning program received \$224,432. The additional funds will be used for traffic studies, which are contracted out. In FY 2017, the program will be 12 percent state funded and 78 percent federally funded.

The purpose of this review is to determine whether the program is operating efficiently and effectively.

Results and Recommendations

State Transportation Improvement Program and Statewide Strategic Transportation Plan

Planning staff are responsible for creating both the STIP and the SSTP. The STIP is a catalogue of projects to be completed across the state. The information in this document comes from a collaboration between the Planning program staff and local jurisdictions. The STIP is federally mandated. In order to receive grant funds from the Federal Highway Administration, states must produce a STIP every four years. However, Georgia typically produces a STIP annually. By completing the STIP ahead of schedule, Planning ensures that all Georgia projects stay on track and fall in line with the state's overall goals for the transportation network.

The SSTP is a state-mandated publication, produced by Planning every two years. Whereas the STIP describes projects in detail, the SSTP provides a high-level overview of Georgia's transportation system and its long-term goals.

Georgia Commute Options

Planning also manages the Georgia Commute Options program. Georgia Commute Options provides financial incentives for commuters in Metro Atlanta to encourage drivers to switch from single-passenger travel to an alternative method of travel, including transit, carpooling, vanpooling and biking. The financial incentive is \$5 a day, up to \$150, for each day that a participant uses an alternate method of travel in an assigned 90-day period. The contract is currently operated by HNTB. Oversight is the responsibility of two employees in the Planning program. In 2017, the Georgia Commute Options program will be contracted out to the Atlanta Regional Commission for operations, and the two employees will continue to provide contract oversight.

Georgia Scenic Byways Program

The Scenic Byways program seeks to preserve Georgia's historic and treasured roadways in a way that enhances economic development. The program works with local jurisdictions to consider applications for new scenic byways. The Planning program has the authority to designate these byways; however, local jurisdictions pay for all of the costs associated with the designation of a Scenic Byway, including the development of the corridor plan, any public involvement, and roadway signage. Signage is produced by the Routine Maintenance program.

New performance measures should be added to monitor the program's overall performance

Performance measures are an integral component of the zero-based budgeting (ZBB) process. Performance metrics should not only track the workload, efficiency, and effectiveness of the program, but should also be appropriate and relevant to the policy goals of the agency and state as a whole. Through ZBB analysis, new measures were developed and evaluated to supplement existing performance measures.

OPB will continue to work with the agency to ensure new performance measures are annually updated into the BudgetTool System.

- Number of new preliminary engineering phases programmed in the STIP
- Number of new right-of-way acquisition phases programmed in the STIP
- Number of new construction phases programmed in the STIP

Department of Transportation
ZBB Program: Planning

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
State Strategic Transportation Plan (SSTP) and State Transportation Improvement Program (STIP)	Develops the SSTP, the policy guide which directs project and program selection; works with metropolitan planning organizations to produce the STIP.	OCGA 32-2-2; 23 CFR 450	8	\$442,438	\$6,135,637
Statewide Planning Coordination	Serves as the administrator of the federal planning process; works with metropolitan planning organizations to develop long-range transportation plans; provides input and direction on long-range Transportation Improvement Project (TIP) development.	OCGA 32-2-2; 23 CFR 450	7	424,740	5,399,360
Develop Traffic Plans	Develops detailed design-level traffic forecasts; develop detailed traffic volume forecasts for each discrete section of a project.	OCGA 32-2-2; 23 CFR 771	6	318,555	4,663,083
Rural Planning	Conducts transportation studies in the rural parts of the state; identifies and prioritizes transportation needs.	OCGA 32-2-2; 23 CFR 450	6	318,555	4,663,083
Georgia Commute Options	Oversees and administers the Georgia Commute Options program.	OCGA 32-2-2; USC 23, Section 120	2	106,185	1,472,552
Scenic Byways	Oversees the Georgia Scenic Byways program; reviews applications for new scenic byways; designates state roads as scenic byways.	OCGA 32-2-2	1	53,092	736,277
Director of Planning	Provides direction, guidance, and oversight for all program activities and operations.	OCGA 32-2-2	2	106,185	1,472,553
Total			32	\$1,769,750	\$24,542,545

* (Listed in priority order as determined by Agency)

Department of Transportation
 ZBB Program: Planning

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$2,690,981	\$2,797,413	\$3,045,900
Regular Operating Expenses	112,635	69,110	145,892
Motor Vehicle Purchases			
Equipment			
Computer Charges	4,303	27,062	5,300
Real Estate Rentals Conducts transportation studies in	183,635		
Telecommunications			
Capital Outlay	745,877	3,106,495	
Contractual Services	3,112,783	6,393,189	5,891,108
Grants and Benefits	8,537,821	19,197,671	15,454,345
Total Expenditures	\$15,388,035	\$31,590,940	\$24,542,545
Fund Type			
State Motor Fuel Funds	\$1,117,380	\$1,412,903	\$1,769,750
Prior Year State Motor Fuel Funds	40,000	633,349	
Federal Funds	14,230,655	29,544,688	22,772,795
Total Funds	\$15,388,035	\$31,590,940	\$24,542,545
Positions	30	29	32
Motor Vehicles	0	0	0

Department of Transportation
 ZBB Program: Planning

Performance Measures

Agency Purpose:

The Department of Transportation plans, constructs, maintains, and improves the state's roads and bridges and provides planning and financial support for other modes of transportation.

Program Purpose:

The purpose of this program is to develop the state transportation improvement program and the state-wide strategic transportation plan, and coordinate transportation policies, planning, and programs related to design, construction, maintenance, operations, and financing of transportation.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Number of participants enrolled in Georgia Commute Options (Note: This is reported by Calendar Year. The figure for 2016 is a partial figure)	112,107	109,975	79,992	66,408
2. The number of phases (PE,ROW,CONST) programmed in the STIP/TIP within the Freight Network	151	149	97	212



FY 2018 Zero-Based Budget Analysis

Department of Transportation

ZBB Program: Routine Maintenance

Executive Summary

- The Routine Maintenance program of the Georgia Department of Transportation (GDOT) inspects and maintains the State Highway System and performs emergency operations response in the event of a natural disaster or other emergency event.
 - The agency should consider creating a separate project number to better track emergency operations; whereby, the department would have the ability to determine a reasonable reserve.
 - The department is responsible for administering the Adopt-a-Highway Program; however, the program has been suspended since 2012 due to ongoing litigation.
 - The department should report new performance measures to better demonstrate the workload and effectiveness of the program.
-

Program Overview

The Routine Maintenance program of the Georgia Department of Transportation (GDOT) is responsible for maintaining all highway structures and facilities on the State Highway System, including but not limited to roadway pavement, bridges, weigh stations, rest areas, and welcome centers. Under Georgia Title 32, the Georgia Department of Transportation (GDOT) has the responsibility to provide all services to maintain the state highway system, except on those portions of the state highway system within the corporate limits of any municipality. The department is required to provide only substantial maintenance activities and operations within these limits.

Routine Maintenance staff also performs emergency operations response, which requires staff to respond immediately in the event of an emergency. During an emergency, the program is responsible for keeping the state roads and bridges clear, to allow safe travel for the public and for emergency responders. The program's goal is to improve the safety of the state's road network, to maintain and preserve existing road infrastructure, and to ensure that maintenance activities are responsible and environmentally sustainable.

Transportation Funding Act of 2015

As a result of the 2015 Transportation Funding Act, the Routine Maintenance program received an additional \$204,743,644 in motor fuel funds in FY 2017. The additional funding will be used primarily to

award new contracts for routine maintenance activities, such as vegetation removal, landscaping, and minor repairs. These expenditures are filed under an account code which is unique to GDOT, and they appear under Regular Operating Expenses instead of under Contractual Services. This allows the agency to better track expenditures related to HB170 funding.

The purpose of this review is to determine whether the program is operating efficiently and effectively.

Results and Recommendations

Prior-Year Motor Fuel Funds

Routine Maintenance has approximately \$45 million in prior-year motor fuel funds. The program reserves \$10 million for emergencies, and the remaining \$35 million is dedicated to future projects. Due to its responsibilities related to emergency response, Routine Maintenance is the only GDOT program which retains prior-year motor fuel funds for the general purpose of emergencies. In the case of a state of emergency, GDOT should utilize these prior year funds rather than utilizing funds from the Governor's Emergency Fund.

In its financial documents, the department is unable to distinguish which expenses are incurred during emergency operations and which are normal operating expenses. This lack of distinction limits its ability to determine if \$10 million is the appropriate amount. The agency should consider creating a separate project number to better track emergency operations; whereby, the department would have the ability to determine a reasonable reserve. This would allow additional funding to go to transportation projects.

Adopt-a-Highway Program

Georgia's Adopt-A-Highway Program encourages volunteer groups to sponsor a portion of a state road. Participant groups pick up litter on the side of their adopted highway. In exchange, GDOT posts signs with the group's name along the stretch of road it has adopted. The program promotes civic responsibility and reduces the cost of upkeep on state roads.

State funds are utilized to produce roadway signs and to pay program personnel who process applications. However, the program has been on hold since 2012 due to a lawsuit and is not accepting new applications. There are currently 120 participants who were already in the program prior to it being put on hold. The program is expected to accept applications again after the litigation has concluded. Currently, the main costs of the Adopt-a-Highway program are the costs of litigation and the staff who oversee the existing 120 participants.

Department of Transportation
 ZBB Program: Routine Maintenance

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2017 State Funds	FY 2017 Total Budget
Roadway Maintenance and Emergency Operations	Conducts regular inspections on state roadways; performs roadway and bridge maintenance, including pavement preservation, pavement marking, slab replacement, pipe replacement, guardrail repairs, sweeping, and joint repairs; coordinates with GEMA to prevent and respond to natural and man-made emergencies.	OCGA 32-2-2; Emergency Management Act of 1981	1,799	\$151,163,753	\$160,129,109
Bridge Inspection	Inspects all bridges in the state of Georgia in order to ensure safe travel for the public.	OCGA 32-2-2; 23CFR 650	55	9,425,491	9,425,491
Maintenance Contracts	Manages program contracts for landscaping on road easements and rights-of-way, litter control, vegetation removal, striping, sign maintenance, and other regular maintenance.	OCGA 32-2-2	8	263,257,007	263,257,007
Total			1,862	\$423,846,251	\$432,811,607

* (Listed in priority order as determined by Agency)

Department of Transportation
 ZBB Program: Routine Maintenance

Financial Summary

Objects of Expenditure	Expenditures		FY 2017
	FY 2015	FY 2016	Current Budget
Personal Services	\$107,492,580	\$106,886,246	\$115,133,186
Regular Operating Expenses	102,848,025	285,005,165	285,360,081
Motor Vehicle Purchases	5,854,879	12,964,545	13,200,000
Equipment	3,779,968	6,261,553	6,472,200
Computer Charges	432,700	1,449,345	1,297,137
Real Estate Rentals	430,092		
Telecommunications	139,711	329,245	447,500
Capital Outlay	3,429,832	9,503,229	3,753,855
Contractual Services	2,636,729	15,303,547	3,996,487
Transfers		1,123,000	
Grants and Benefits	2,261,338	259,109	3,151,161
Other	1,953	128,000	
Total Expenditures	\$229,307,807	\$439,212,984	\$432,811,607
Fund Type			
State Motor Fuel Funds	\$186,205,437	\$409,573,698	\$423,846,251
Prior Year State Motor Fuel Funds	10,588,771	1,561,144	
Other Funds	11,886,642	9,384,015	5,078,904
Federal Funds	20,626,957	18,694,127	3,886,452
Total Funds	\$229,307,807	\$439,212,984	\$432,811,607
Positions	1,916	1,862	1,862
Motor Vehicles	2,628	2,576	2,576

Department of Transportation
 ZBB Program: Routine Maintenance

Performance Measures

Agency Purpose:

The Department of Transportation plans, constructs, maintains, and improves the state's roads and bridges and provides planning and financial support for other modes of transportation.

Program Purpose:

The purpose of this program is to ensure a safe and adequately maintained state transportation system by inspecting roads and bridges, cataloguing road and bridge conditions and maintenance needs, and providing routine maintenance for state roads and bridges. The purpose of this program is also to maintain landscaping on road easements and rights-of-way through planting, litter control, vegetation removal, and grants to local governments, to provide for emergency operations on state roads, and to maintain state rest areas and welcome centers.

Performance Measures	Actuals			
	FY 2013	FY 2014	FY 2015	FY 2016
1. Percentage of interstates meeting maintenance standards (FHWA Target: 90%)	83%	74%	80%	80%
2. Percentage of state-owned non-interstate roads meeting maintenance standards (FHWA Target: 90%)	71%	73%	73%	73%
3. Percentage of state-owned bridges meeting GDOT maintenance standards (FHWA Target: 85%)	86%	86%	89%	88%
4. Number of bridge inspections each year (New)	7,112	7,735	8,325	8,984
5. Miles of pavement inspected as part of the Computerized Pavement Condition Evaluation System (New)	17,912	17,907	17,891	N/A



Governor's Office *of*
PLANNING AND BUDGET

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