



ZERO BASED BUDGET REPORTS

Fiscal Year 2017

Governor Nathan Deal



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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 2016 and FY 2017 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 2015. 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 2016 and FY 2017 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 2017 Zero-Based Budget Analysis

State Accounting Office

ZBB Program: State Accounting Office

Executive Summary

- The State Accounting Office establishes statewide accounting policies.
 - SAO's Statewide Accounting and Reporting (SWAR) subprogram is responsible for producing the state's annual financial reports, including the Comprehensive Annual Financial Report, the Revenues and Reserves Report, and the Budgetary Compliance Report. Additionally, SWAR produces accounting directives to agencies for consistency in the state's financial practices and provides training to agency personnel.
 - SAO's Shared Services subprogram provides agencies with accounting services, including payroll services, accounts payable activities, and travel assistance through the Concur travel system.
 - SAO's Financial Systems subprogram has the largest staff and financial impact. It houses and maintains the state's enterprise systems for financial accounting and human capital management. Staff is responsible for testing, applications, security and technical assistance related to the system.
 - The office should update performance measures, reflect four budgetary programs in its annual operating budget (AOB) for transparency and include positions in the cost allocation model previously funded with state funds.
-

Program Overview

The State Accounting Office was established in 2004 via executive order and codified in 2005. The office is responsible for establishing statewide accounting policies, procedures and practices, producing the state's annual financial reports, providing payroll and accounts payable services to other agencies, and developing and maintaining the state's enterprise accounting system.

Within the appropriations act, the State Accounting Office has a singular budgetary program for the agency. Therefore, this review of the State Accounting Office program constitutes a review of the entire office. The office maintains four subprograms that represent the areas of activity and state

services the office provides: Administration, Statewide Accounting and Reporting, Shared Services, and Financial Systems.

The Administration subprogram is comprised of the executive office, which includes the state accounting officer and an administrative assistant. Previously, SAO's human resources and communications functions were also housed within the executive office. However, SAO has transferred these functions to the Shared Services program to align with the internal management structure. For FY 2016, no other activities are funded through the Administration subprogram.

The Statewide Accounting and Reporting (SWAR) subprogram has 16 employees responsible for working with agencies throughout the year to advise on correct accounting practices, collect agency financial information and annually produce the state's consolidated financial reports. These reports include the Revenues and Reserves Report, the Budgetary Compliance Report, and the Comprehensive Annual Financial Report. These employees are also responsible for producing and maintaining the state's accounting policy manual and for producing accounting directives for state agencies to ensure consistency in state financial practices as well as compliance with national accounting standards. In disseminating those standards, the SWAR division is also responsible for providing training to other agencies on implementing new directives. However, the division does not directly receive funding for dedicated training resources. Furthermore, responsibility for gathering and compiling all information necessary to produce the annual Statewide Cost Allocation Plan required by the federal government also falls under the SWAR division.

The Shared Services subprogram funds 31 positions that provide accounting services for payroll and accounts payable activities to external state agency customers; The subprogram also handles all financial services for SAO internally. These employees are further responsible for maintaining the statewide travel policy as well as the statewide travel system. In addition, the human resources and communications functions of the office were transferred to this subprogram for FY 2016 to better align with current management structure. These functions are responsible for internal office needs and do not provide any direct services to external consumers.

The Financial Systems subprogram is the largest subprogram of the office, both in number of staff and financial cost. The subprogram funds 63 positions and additional contractors, with a budget of more than \$18 million annually. The staff for Financial Systems is responsible for maintaining the state's enterprise financial accounting and human capital management systems, as well as helping other agencies use the information found on those systems in their information technology applications. The staff oversees all aspects of the system, including application development and testing, security, project management, and technical assistance through the customer help desk. In some instances, the office has hired outside firms to implement larger projects when internal staff resources were insufficient. Funding for the subprogram is generated through a shared cost model which charges agencies for their respective use of the systems. The office may also charge agencies for use of the systems over and above what is covered through the cost model.

Results and Recommendations

The office was originally established as one budgetary program in the FY 2006 appropriations act. Since its inception, SAO's responsibilities and budget have both expanded substantially, yet it remains a single budgetary program with four subprograms: Administration, Statewide Accounting and

Reporting, Financial Systems, and Shared Services. This current organization reduces transparency during the appropriations process with regard to both the cost of each division and the revenue generated by it.

For example, the Financial Systems and Shared Services subprograms generally should be supported by revenue generated through each division's cost models. However, both currently utilize state funds to offset the costs of some activities. Because the office can amend state funds between subprograms throughout the year, the extent to which state funds are used in these areas may not be apparent until the end of the fiscal year. During the appropriations process, the full cost of these activities may therefore be understated. In addition, the state is failing to take full advantage of federal or other funds at customer agencies that may be available to fund these activities. Therefore, the current subprograms should become individual budgetary programs.

Additionally, any state funds used in the Financial Systems or Shared Services subprograms should be reallocated to customer agencies and offset through adjustments to the TeamWorks and shared services cost models. In FY 2015, the Financial Systems subprogram utilized approximately \$270,000 in state funds for regular personal services, the majority of which was not amended in to the program until after the close of the fiscal year, despite the use of this fund source to pay staff throughout the year. Through the current cost model, the dollars collected for approximately 55 percent of agency billings come from federal and other funds. Incorporating those staff costs into the cost model should therefore save approximately \$98,000, while enabling the remainder of the state funds to be transferred to agencies to offset any additional costs. Likewise, the Shared Services program spent \$835,842 in state funds for shared services activities in FY 2015. This equates to more than a third of the total expenditures in the subprogram. The office should revise the cost models for all shared services to recoup the full cost of those activities, and state funds should be transferred to customer agencies to offset any increases in its shared services costs.

Recommendations:

- Four budgetary programs should be reflected in the AOB for SAO to provide transparency.
- The office should work with OPB to update performance measures.
- The office should include in the cost allocation model certain positions (5), which work 100 percent on or in the Shared Services and Financial Services programs and which were previously funded with state funds.

State Accounting Office
 ZBB: State Accounting Office

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Payroll Processing	Provides agencies support by processing payroll for a fee. Payroll technicians and specialists work under the leadership of a program manager to enter and process employee payroll data.	50-5B-3	6.0	\$244,651	\$671,244
Accounts Payable Processing	Provides agencies support by managing their AP for a fee. Accountants, financial operations specialists, , and business analysts work under the leadership of a program manager to match purchase orders to receipts and invoices to maintain accurate and up-to-date transactions.	50-5B-3	13.0	391,463	1,074,047
Statewide Travel Management	Manages a statewide travel system to process travel for state employees. Staff provide customer support to all state employees and agency approvers using the state travel and expense system.	50-5B-3; 50-5B-5	5.0	0	633,455
Accounting Policy Development	Establishes statewide accounting policies and publishes the Accounting Policy Manual and Accounting Directives for the state. This includes new GASB implementations and support for agency questions regarding Generally Accepted Accounting Principles (GAAP).	50-5B-3	2.0	260,239	260,239
Financial Reporting	Works with agencies to collect data each year and prepares required financial reports for the state. These reports, including the Comprehensive Annual Financial Report (CAFR), Budgetary Compliance Report (BCR), Statewide Cost Allocation Plan (SWCAP), and others, must be compiled in accordance with Generally Accepted Accounting Principles (GAAP) and are published on an annual basis. Accounting staff also conduct agency risk assessments and approve agency funding source requests.	50-5B-3	16.0	2,210,743	2,321,740
State Financial Accounting Systems	Maintains the system that records all financial transactions for most state agencies. Staff include business analysts, developers and project managers that maintain a secure and up-to-date financial system for state agencies. The system supports financial transactions for a number of state agencies and includes storage and printing costs as well as licensing, training modules, security, and customer support.	50-5B-3	40.0	298,936	11,192,351

Activity *	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Human Capital Management Systems	Maintains the state's Human Capital Management system which records personal services transactions for most state agencies. Staff include business analysts, developers and project managers that maintain a secure and up-to-date financial system for state agencies. The system supports financial transactions for a number of state agencies and includes storage and printing costs as well as licensing, training modules, security, and customer support.	50-5B-3	23.0	168,151	6,295,697
Administration	Provides support to the agency to carry out all programmatic activities. Staff includes executive leadership and administrative support as well as human resources, communications, and budgeting specialists that work to manage day-to-day operations for the agency.	50-5B-3	7.0	495,097	1,785,122
Total			112.0	\$4,069,280	\$24,233,895

* (Listed in priority order as determined by Agency)

State Accounting Office
 ZBB: State Accounting Office

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$12,458,958	\$12,958,141	\$15,303,730
Regular Operating Expenses	274,392	363,094	373,024
Motor Vehicle Purchases	0	0	0
Equipment	0	0	0
Computer Charges	3,171,808	1,307,385	3,703,795
Real Estate Rentals	522,907	522,099	522,117
Telecommunications	4,471,937	3,921,347	3,541,695
Contractual Services	7,295,823	5,597,886	1,384,638
Total Expenditures	\$28,195,825	\$24,669,952	\$24,828,999
Fund Type			
State General Funds	\$4,854,441	\$4,399,139	\$4,378,948
Other Funds	23,341,384	20,270,813	\$20,450,051
Federal Funds			
Total Funds	\$28,195,825	\$24,669,952	\$24,828,999
Positions	104	107	132
Motor Vehicles	0	0	0

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 appropriation is to prescribe statewide accounting policies, procedures and practices, to provide financial management leadership to state agencies, to prepare and provide annual financial statements, and other statutory or regulatory reports, to develop and maintain the state's financial and human capital management systems, and to improve the accountability and efficiency of various financial and operation processes.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Days from prior fiscal year end to publish the Comprehensive Annual Financial Report	183	181	184	184
2. Days from prior fiscal year end to publish the Budgetary Compliance Report	141	151	150	142
3. Submit Annual Schedule of Expenditures of Federal Awards within 60 days of Comprehensive Annual Financial Report (1=Meet; 2=Did not meet)	1	1	1	1
4. Percentage of Financial issues responded to, diagnosed and resolved within Service Level Agreement parameters	98.62%	99.89%	98.00%	98.00%
5. Percentage of Human Capital Management issues	98.22%	99.81%	100.00%	92.00%
6. Number of customer support tickets generated	n/a	n/a	n/a	56,718
7. Number of customer support tickets closed	n/a	n/a	n/a	57,177
8. Number of customer/users supported by HCM	n/a	n/a	n/a	83,149
9. Number of customers supported by Financials	n/a	n/a	n/a	63,457
10. Number of agencies participating in PSSC.	n/a	n/a	n/a	12
11. Number of Employees paid through PSSC	n/a	n/a	n/a	4,099
12. Number of agencies participating in Concur	n/a	n/a	n/a	36
13. Number of travel reimbursements processed	n/a	n/a	n/a	67,275



FY 2017 Zero-Based Budget Analysis

Department of Administrative Services

ZBB Program: Departmental Administration

Executive Summary

- The Departmental Administration program in the Department of Administrative Services utilizes a cost allocation methodology to charge other departmental programs for administrative overhead expenses. This methodology does not cover the full cost of the program, and the department is overly reliant on funding from the State Purchasing program in the department to cover expenses.
 - The department should pursue alternative or updated revenue measures in other departmental programs to ensure it has sufficient funding to meet both operational and overhead expenses for the Departmental Administration program.
 - Department programs experiencing declining revenues may require state funding in the future.
-

Program Overview

The Department of Administrative Services (DOAS) provides a number of enterprise services to state agencies, including state purchasing, risk management, human resources, fleet management, and the handling of surplus property, in order to support state employees and agencies and to promote a responsible and efficient state government.

The Departmental Administration program provides executive leadership, legal services, fiscal services, communications, human resources, and technological support to the other programs in the department. In terms of legal services, the program not only provides internal counsel to the department, particularly with regard to the State Purchasing and Risk Management programs, but also provides guidance to external agencies in reviewing and negotiating purchasing contracts and settling procurement protests.

Results and Recommendations

As an enterprise service agency, the Department of Administrative Services does not receive direct state funding for its core programs. Instead, each departmental program has separate revenue streams based on either an agency cost model or proceeds and rebates generated through the activities of the department's program. To fund the Departmental Administration program, the agency uses an internal cost model to charge overhead costs to other department programs. For each activity within Departmental Administration, the program develops an estimated breakdown of how its services are utilized across the rest of the agency. For example, breakdowns could include number of employees supported by human resources, number of financial transactions or budget size for fiscal services, or time spent on component programs for legal services. The department updates these estimates annually. Once a pro rata share of each administration activity is determined for other departmental programs, fiscal services oversees the process of charging the other programs for administrative costs as they are incurred throughout the year.

The cost model methodology provides approximately 62 percent of the total budget for the Departmental Administration program. However, the department then utilizes approximately \$2.1 million in additional funds charged to the State Purchasing program each year to offset the remainder of expenses. The additional charges to State Purchasing have been necessary; if the full cost of overhead was distributed through the cost allocation model, not all agency programs could afford their respective share of administrative expenses.

Because Departmental Administration heavily relies on funding from the department's State Purchasing program to support all departmental operations, the Departmental Administration program is at risk in years when proceeds from state purchasing fail to meet expectations. Heavy reliance on State Purchasing proceeds to fund ongoing departmental operations could create a disincentive for the department when negotiating statewide contracts if alternative contractual arrangements would result in a loss of revenue to the department, even if those alternatives could better help the state as a whole. In order to reduce the need to utilize a disproportionate amount of funding from the State Purchasing program, the department should first seek to maximize what can be earned through the current cost allocation model. This step may require addressing funding models in other DOAS programs to ensure they are adequately funded to meet their operational requirements, including their portion of the cost to adequately fund Departmental Administration.

Finally, as the department negotiates future statewide contracts or alters agency purchasing arrangements, it may need additional state funds to offset the resulting revenue losses.

Department of Administrative Services
 ZBB Program: Departmental Administration

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Executive Administration	Provides executive leadership and administrative support to the agency. The Commissioner and Deputy Commissioner oversee management of the agency's programs and services, and administrative staff provide day-to-day operational support for agency leadership and help coordinate general agency schedules and meetings.	50-5-1; 50-5-51	5.0		\$967,324
Legal Services	Provides general counsel to the agency and offers legal support to state agencies in matters related to services provided by DOAS. Legal Services is responsible for drafting state policies, tracking legislation, reviewing state contracts and award protests, and coordinating the state's recovery audit.	50-5-1; 50-5-51	3.0		228,541
Fiscal Services	Provides budget support to DOAS and attached agencies. Fiscal Services staff include accountants, budget specialists, procurement officers, and collections specialists that work under the leadership of the CFO to oversee all agency funds and budgeting.	50-5-1; 50-5-51	10.0		1,304,644
Human Resources	Recruits and retains DOAS workforce and manages day to day HR issues for the agency. HR staff prescribe internal policies, provide training and development, oversee agency employee benefits, and coordinate internal surplus property and facilities.	50-5-1; 50-5-51	6.0		766,773
Information Technology	Provides IT support for the agency through a customer service helpdesk for 44 supported applications along with computer systems analysts, database administrators, and programmers that oversee maintenance of agency computers and systems. Staff also include project managers, a web content manager, and a manager for agency metrics and performance data.	50-5-1; 50-5-51	14.0		2,040,879
Communication	Oversees and maintains traditional and digital communications, including newsletters and emails to state customers along with the agency website. The division is also responsible for notifying state employees of office closures in the event of an emergency.	50-5-1; 50-5-51	2.0		457,572
Total			40.0	\$0	\$5,765,733

* (Listed in priority order as determined by Agency)

Department of Administrative Services
 ZBB Program: Administration

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$3,615,939	\$3,690,862	\$4,267,446
Regular Operating Expenses	147,163	111,759	153,171
Motor Vehicle Purchases			
Equipment			
Computer Charges	117,405	88,654	125,186
Real Estate Rentals	232,261	231,889	232,263
Telecommunications	331,756	361,127	451,854
Contractual Services	1,001,091	1,177,384	535,813
Transfers			
Total Expenditures	\$5,445,614	\$5,661,676	\$5,765,733
Fund Type			
State General Funds			
Other Funds	\$5,445,614	\$5,661,676	\$5,765,733
Total Funds	\$5,445,614	\$5,661,676	\$5,765,733
Positions	40	40	40
Motor Vehicles	0	0	0

Department of Administrative Services
 ZBB Program: Departmental Administration

Performance Measures

Agency Purpose:

The Department of Administrative Services (DOAS) provides a number of enterprise services to state agencies, including State Purchasing, Risk Management, Human Resources, Fleet Management, and Surplus Property in order to support state employees and agencies and promote a responsible and efficient state government.

Program Purpose:

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

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of enterprise-wide contract award protests	138	91	82	75
2. Number of website hits	N/A	1,240,000	1,120,000	1,300,000
3. Number of training opportunities offered to employees	6	9	11	12
4. Percentage of employees successfully completing training/professional development	72%	67%	84%	79%
5. Number of service center tickets	N/A	50,423	63,800	49,638
6. Percentage of successfully resolved tickets	N/A	100%	100%	100%
7. Number of audit findings	0	0	0	N/A
8. Agency turnover rate	24.8%	24.4%	19.9%	19.5%
9. Number of payments processed	4,861	4,649	4,596	4,483
10. Percentage of payments processed electronically	63%	87%	87%	92%



FY 2017 Zero-Based Budget Analysis

Department of Agriculture

ZBB Program: Poultry Veterinary Diagnostic
Labs

Executive Summary

- The labs should continue to provide updates regarding the threat of avian influenza to the state.
 - The contract between the Department of Agriculture and the Georgia Poultry Improvement Association should be evaluated and modified to identify clear deliverables and to account for increased utility costs.
-

Program Overview

The Poultry Veterinary Diagnostic Labs, which are part of the Georgia Poultry Laboratory Network, are administered by the Georgia Poultry Improvement Association, Inc. The funds appropriated to the program partially support the laboratory operations; the remaining dollars for operations come from revenue generated via laboratory services. The laboratories provide disease monitoring and testing, as well as chick quality assurance and hatchery inspections. The main laboratory is located in Gainesville, but two smaller laboratories operate in Forsyth and Tifton. The purpose of this review is to ensure that the program is functioning efficiently and effectively.

Results and Recommendations

Avian Influenza

Avian influenza began to spread throughout the West and Midwest in early 2015. Approximately 45 million birds have been infected, resulting in an estimated economic impact of one billion dollars. Avian influenza is expected to reach Georgia at some point during 2015 or 2016. The Poultry Veterinary Diagnostic Labs play a crucial role in preventing and controlling the virus. Laboratory staff have participated in numerous field exercises in other states to learn prevention and control techniques. If avian influenza does show up in the state, the only way to control the spread of the virus is to cull infected flocks. A widespread infection would therefore be detrimental to Georgia's poultry industry and state agriculture as a whole, since poultry constitutes 47 percent of Georgia's agricultural market, according to the Georgia Poultry Federation. The Poultry Veterinary Diagnostic Labs will continue to

monitor samples for avian influenza. In collaboration with the Department of Agriculture, the labs should provide updates to the Office of Planning and Budget in the event of a significant budget impact to the state.

Contract Modification

The agreement between the Department of Agriculture and the Georgia Poultry Improvement Association is a one-page document with no clear deliverables or objectives outlined for the operation of the laboratory. The agreement only details the amount of state funds to be transferred to the Association as noted in the current appropriations bill. To improve transparency, the agreement should be modified to include the services provided by the laboratory and clear deliverables, as well as items, such as salaries, supplies, and utility costs, supported by the funds.

Department of Agriculture
 ZBB Program: Poultry Veterinary Diagnostic Labs

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Administer the National Poultry Improvement Plan (NPIP)	Maintain documentation and paperwork associated with the NPIP program. NPIP participation includes testing of participating flocks and performance of official inspections to verify compliance with NPIP requirements.	OCGA 4-7-1	0	\$566,080	\$566,080
Monitoring and Diagnostic Testing	Conduct testing necessary to prove flocks are disease negative for exportation and/or to monitor flock health in general.	OCGA 4-7-1	0	1,981,279	1,981,279
Coordination of Disease Control Efforts	Maintain Geographic Information System (GIS), put out notices, and run meetings in collaboration with the poultry industry to prevent the spread of disease.	OCGA 4-7-1	0	141,520	141,520
Emergency Response	Participate in lab and field exercises to prepare for emergency response for potential epidemics, like avian influenza. Exercise and maintain equipment as well as write after action reports.	OCGA 4-7-1	0	141,520	141,520
Total			0	\$2,830,399	\$2,830,399

* (Listed in priority order as determined by Agency)

Department of Agriculture
 ZBB Program: Poultry Veterinary Diagnostic Labs

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Poultry Veterinary Diagnostic Labs	\$2,680,399	\$2,830,399	\$2,830,399
Total Expenditures	\$2,680,399	\$2,830,399	\$2,830,399
Fund Type			
State General Funds	\$2,680,399	\$2,830,399	\$2,830,399
Total Funds	\$2,680,399	\$2,830,399	\$2,830,399
Positions	0	0	0
Motor Vehicles	0	0	0

Department of Agriculture
 ZBB Program: Poultry Veterinary Diagnostic Labs

Performance Measures

Agency Purpose:

The Department of Agriculture administers a variety of programs which all share the goals of maintaining the state's viable farm industry and protecting the consuming public.

Program Purpose:

The purpose of this program is to pay for operation of the Poultry Diagnostic Veterinary Labs, which conduct disease diagnoses and monitoring.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of avian influenza tests provided to poultry growers and hobbyists	311,834	298,917	320,963	346,645
2. Number of samples submitted to the poultry lab network for diagnostic testing	58,451	59,128	57,825	58,951
3. Number of reported diseases tested using monitoring standards	N/A	N/A	5	5
4. Number of tests performed	1,306,277	1,270,104	1,245,849	1,338,483



FY 2017 Zero-Based Budget Analysis

Department of Behavioral Health and
Developmental Disabilities

ZBB Program: Georgia Council on
Developmental Disabilities

Executive Summary

- The Georgia Council on Developmental Disabilities (GCDD) funds the Inclusive Postsecondary Education program for several colleges and universities. The agency should begin following up with students and families who participate in the program to better understand its effectiveness.
- All grant reporting responsibilities should be transferred to the Department of Behavioral Health and Developmental Disabilities (DBHDD).
- Significant funding goes to a project called the Real Communities Initiative. The agency should reassess the focus of the Real Communities Initiative to ensure it serves individuals with developmental disabilities.
- Currently, GCDD only tracks performance measure data by federal fiscal year. The agency should begin tracking performance measures monthly so data can be reported by state fiscal year.
- Over the last several years, this program's annual operating budget (AOB) did not reflect the anticipated amount of federal funds. The agency should submit an amendment containing the best estimate of the amount of federal funds the program will have in FY 2017.
- The agency should reconcile the actual employee count in BudgetNet.

Program Overview

GCDD advocates for public policy that promotes an integrated community life for individuals with developmental disabilities and their families. Council leadership coordinates rallies at the State Capitol, encourages stakeholders to visit legislators to raise awareness about the needs and concerns of this community, and also publishes policy updates during the legislative session.

The council also supports initiatives that help individuals with developmental disabilities succeed in the state's education system and gain meaningful employment. The purpose of this review is to ensure that GCDD is functioning efficiently and effectively.

Results and Recommendations

Georgia Inclusive Post-Secondary Education Consortium (GAIPSEC)

The GAIPSEC is a project of the Center for Leadership in Disability, which operates within the School of Public Health at Georgia State University. Inclusive post-secondary education programs aim to provide students with developmental disabilities the opportunity to benefit academically and socially from a traditional college experience. In FY 2014, only two universities offered programs, serving twenty-three students. In 2015, the following five colleges and universities in the state offered these programs: Columbus State University, East Georgia State College, Georgia State University, Georgia Institute of Technology, and Kennesaw State University. Forty-nine students are expected to be enrolled in 2015. This program has grown over the past two years as a result of legislative action. In both FY 2014 and FY 2015, the legislature added \$100,000 to the council to expand these programs. GCDD currently tracks the number of students being served with these funds. However, it should begin to monitor the short-term and long-term progress of these individuals and their families. Gathering this data will allow stakeholders to better understand individual and program outcomes.

Transfer federal grant reporting responsibilities to DBHDD

At least 94 percent of GCDD's funding is from the federal Developmental Disabilities Basic Support and Advocacy Grant. The grant requires a 25 percent match of state or other funds. To meet the match requirement, GCDD receives local match dollars. Typically, most of the council's contractors provide these dollars in the form of in-kind donations. However, not all donations are entered into the state's accounting system. This inconsistency makes comparing the council's ledger to federal requirements impossible. GCDD therefore cannot substantiate its reported match to the federal government. In the past, the council's parent agency, DBHDD, had full responsibility for this activity, but the council requested permission to complete the necessary work internally. DBHDD currently has personnel available to perform these tasks and should take over all activities associated with grant reporting from GCDD.

Narrow the focus of the Real Communities Initiative

GCDD's Real Communities Initiative facilitates the creation of community environments that are more inclusive for people with developmental disabilities. GCDD accepts applications from communities each year and chooses the projects with the greatest merit. Sometimes the council provides financial support, but it primarily supports the community through technical assistance, time, and effort. For example, residents of Fitzgerald, Georgia organized to find solutions to their transportation problems, and GCDD offered its assistance. As a result, a Special Purpose Local Option Sales Tax (SPLOST) passed by referendum in July 2010, and due to GCDD's involvement, the new transportation system included a van service that is fully accessible to persons with developmental disabilities.

However, in some circumstances, GCDD provides support to initiatives that help the community in general and do not directly benefit people with developmental disabilities. An example of this assistance is the Forsyth Farmers' Market in Savannah. The stated goal of this project was to "address food access issues and to provide all members of Savannah's community with a welcoming, inclusive place to purchase regional products." While individuals both with and without developmental disabilities could benefit from this market, the focus of this project did not address any unique struggles of individuals with developmental disabilities. While leading to positive outcomes, improving communities in general seems to fall outside of GCDD's stated mission. GCDD should assist and fund only those projects that will directly and positively impact people with developmental disabilities.

Improve the tracking of performance measures

The performance data GCDD reports for the state fiscal year does not accurately reflect the timeframe because the agency only tracks data on a federal fiscal year basis. GCDD should begin tracking their data monthly to enable reporting on both state fiscal year and federal fiscal year bases.

Amend budgeted Federal Funds to reflect actual amount

The amount of federal funds listed in the FY 2016 Appropriations Bill is not accurate. In the last several years, the annual operating budget (AOB) has not reflected the true amount of federal funds this program receives. It has a variance of approximately \$600,000. The agency should work with OPB to correct this prior to the cutoff amendment.

Reconcile position count

The number of full-time benefit eligible employees listed in BudgetNet does not reflect the actual number in this program. The agency should submit an amendment to its AOB prior to the cutoff amendment to realign positions to reflect the actual number.

Department of Behavioral Health and Developmental Disabilities
 ZBB Program: Georgia Council on Developmental Disabilities

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Advocacy and Policy	Advocates for public policy changes that promote the needs and perspectives of Georgians with disabilities.	OCGA 30-8-1; Public Law 106-402	2		\$496,446
Community Engagement	Administers the Real Communities Initiative which facilitates the creation of community environments that are more welcoming to people with disabilities.	OCGA 30-8-1; Public Law 106-402	2		717,856
Public Information	Operates a user-friendly website, publishes a quarterly magazine, and creates materials that can be shared across the internet to increase knowledge and improve levels of engagement between the disability community and the general public.	OCGA 30-8-1; Public Law 106-402	2		536,779
Student Educational Services	Supports efforts that guide teens with disabilities to self-determination regarding their education and career goals, as well as establish programs in high schools and collegiately specifically for disabled persons.	OCGA 30-8-1; Public Law 106-402		\$200,000	319,764
Employment Services	Supports efforts to increase the number of individuals with developmental disabilities who are in competitive employment.	OCGA 30-8-1; Public Law 106-402			339,366
Administration	Provides fiscal, programmatic, and policy oversight of the council.	OCGA 30-8-1; Public Law 106-402	4	44,153	511,566
Total			10	\$244,153	\$2,921,777

* (Listed in priority order as determined by Agency)

Department of Behavioral Health and Developmental Disabilities
 ZBB Program: Georgia Council on Developmental Disabilities

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$797,788	\$793,652	\$980,000
Regular Operating Expenses	174,542	146,906	194,300
Computer Charges	7,613	6,796	
Real Estate Rentals	35,651	39,886	110,000
Telecommunications	22,495	21,496	23,500
Contractual Services	1,056,813	1,382,077	1,613,977
Total Expenditures	\$2,094,902	\$2,390,813	\$2,921,777
Fund Type			
State General Funds	\$116,502	\$243,138	\$244,153
Federal Funds	1,967,901	2,147,675	2,677,624
Other Funds	10,500		
Total Funds	\$2,094,902	\$2,390,813	\$2,921,777
Positions	10	10	15
Motor Vehicles	0	0	0

Department of Behavioral Health and Developmental Disabilities
 ZBB Program: Georgia Council on Developmental Disabilities

Performance Measures

Agency Purpose:

The Department of Behavioral Health and Developmental Disabilities provides treatment and support services to people with behavioral health challenges and addictive diseases, and assists individuals who live with developmental disabilities. The agency seeks to provide high-quality health care opportunities for individuals with developmental disabilities or behavioral health challenges close to their homes, so they can live a life of independence and recovery and create a sustainable, self-sufficient, and resilient life in their community.

Program Purpose:

The purpose of this program is to serve as the leader in the state for advancing public policy on behalf of persons with developmental disabilities.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of people who participated in Council supported activities.	1,895	2,584	4,555	N/A
2. Percentage of people with developmental disabilities who report increasing their self-advocacy after participation in Council supported activities.	N/A	N/A	N/A	N/A
3. Percentage of family members who report increasing their self-advocacy after participation in Council supported activities.	N/A	N/A	N/A	N/A
4. Number of policy or statute changes effected.	140	48	177	N/A
5. Student Enrollment in Inclusive Post-Secondary Education	16	19	23	N/A
6. Number of students involved in Project Search	89	85	100	N/A
7. Number of businesses involved in Project Search	15	15	17	N/A
*Measures reported by federal fiscal year--see results and recommendations.				



FY 2017 Zero-Based Budget Analysis

Department of Behavioral Health and
Developmental Disabilities

ZBB Program: Substance Abuse Prevention

Executive Summary

- During fiscal year 2015, the Department of Behavioral Health and Developmental Disabilities (DBHDD) transferred three Adult Mental Health positions, including costs, to the Substance Abuse Prevention program. The agency should correct this action and only move positions across programs in compliance with an appropriations bill.
- Over the last several years, the Substance Abuse Prevention program's annual operating budget (AOB) did not truly reflect the anticipated amount of federal funds. The agency should submit an amendment containing the best estimate of the amount of federal funds the program will have in FY 2017.
- No services overlap with the prescription drug abuse prevention efforts and Helpline Georgia.

Program Overview

The Substance Abuse Prevention program within the Office of Behavioral Health Prevention (OBHP) contracts with community providers to address behavioral health issues and promote the well-being of individuals. OBHP provides support to a variety of efforts, including the following: alcohol abuse prevention, prescription drug abuse prevention, maternal substance abuse prevention, and leadership and education programs for at-risk youths. The program also contracts with the Houston Drug and Action Council (HODAC), which is based out of Houston County, to offer Georgians a number to call for information on substance abuse prevention and other resources. Over 14,000 callers were served through Helpline Georgia in FY 2014.

The largest project in this program is the Alcohol Prevention Project (APP). The three main goals of APP are reducing alcohol use at a young age, reducing access to alcohol, and reducing binge drinking. APP focuses on alcohol prevention activities, rather than alcoholism or excessive drinking disorder.

APP is a statewide project with thirty different contractors. These contractors, in coordination with OBHP, identify geographic areas in need, develop a strategic plan, implement strategies, and evaluate the implemented program. These contractors are currently implementing 172 strategies across 126 communities. In FY 2014, approximately 580,000 individuals were served in community-based prevention programs.

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

Results and Recommendations

Correct budgetary non-compliance

During FY 2015, DBHDD moved three positions from the Adult Mental Health program to the Substance Abuse program. These positions work on suicide prevention, not substance abuse. Expenditures for these positions should be expensed in the appropriate program.

Analysis of possible overlap in services

The activity of preventing prescription drug abuse is contracted to a single statewide provider. These efforts take a holistic approach and include individuals in the public and private sectors statewide partnering together. These efforts center upon education and safe disposal information. The contractor uses social media and other modes of dissemination to inform the general public about the dangers of misusing prescription drugs and how to safely secure drugs in the home so children cannot gain access to them. The initiative also works to increase the number of drug drop boxes across the state, where individuals can properly dispose of no longer needed prescription drugs.

OPB analyzed whether any duplication of services exists regarding the Georgia Drugs and Narcotics Agency (GDNA) and the prescription drug abuse prevention initiative. These two efforts do not overlap. GDNA interacts with law enforcement agencies during their investigations of violations of the state's controlled substances laws. They provide help to law enforcement in terms of criminal matters. Prevention efforts do interact with law enforcement to a degree but not in the same manner as GDNA. The prevention initiative has done trainings for the Georgia Sheriff's Association, provided technical assistance on how to maintain and secure drop boxes at police departments, and on the proper ways to incinerate drugs once they have been placed into drop boxes.

Another possible overlap of service that OPB reviewed was the helplines that people can call for services. DBHDD has the Georgia Crisis & Access Line (GCAL) that people can call in the case of emergencies involving mental health, developmental disabilities, and addictive diseases. Many of these calls involve crisis management and referring individuals to places for treatment in their area.

Helpline Georgia, which the Substance Abuse Prevention program utilizes via contract, provides information and resources to individuals interested in learning more about substance abuse prevention, such as a person wanting to know meeting places and times of the nearest Alcoholics Anonymous or similar support groups. Another example would be a mother wanting to know the common symptoms of alcohol use among teenagers. These types of phone calls are educational in nature and any crisis types of calls would either be referred to 911 or even GCAL. There is no duplication of service between these two contracts.

Correct federal funding amount

The amount of federal funds listed in the FY 2016 Appropriations Act is not accurate. In the past several years, the annual operating budget (AOB) has not reflected the true amount of federal funds this program receives. It has a variance of \$3.25 million. The agency should work with OPB to correct this discrepancy through the agency's amendment process.

Department of Behavioral Health and Developmental Disabilities
 ZBB Program: Substance Abuse Prevention

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget	
Alcohol Abuse Prevention	Promotes healthy lifestyles and choices in an effort to prevent alcohol use and abuse among Georgians.	Section 1932(a)(1) of Title XIX, Part B, Subpart II of the PHS act (42 USC 300x-32(a)1)	6	\$0	\$7,000,229	
Synar/Youth Access to Tobacco Products	The Synar Amendment is a federal mandate that requires states to have laws in place prohibiting the sale and distribution of tobacco products to persons under the age of 18 and to enforce those laws effectively.	Section 1932(a)(1) of Title XIX, Part B, Subpart II of the PHS act (42 USC 300x-32(a)1)	1	0	390,523	
Georgia Prescription Drug Prevention Initiative	Prevents and reduces prescription drug misuse/abuse in Georgia through education, monitoring, proper medication disposal, and technical assistance.	Section 1932(a)(1) of Title XIX, Part B, Subpart II of the PHS act (42 USC 300x-32(a)1)	1	0	436,306	
Substance Abuse Awareness	Increases the public's awareness of the prevalence of substance abuse and its negative consequences through a variety of programs including Governor's Red Ribbon Week, HODAC Helpline, Drugs Don't Work, Emory University's Maternal Substance Abuse and Child Development Project, and Voices for Prevention.	Section 1932(a)(1) of Title XIX, Part B, Subpart II of the PHS act (42 USC 300x-32(a)1)	0	0	994,314	
Administration	Provides statewide fiscal, programmatic and policy oversight through staff in the state office.	Section 1932(a)(1) of Title XIX, Part B, Subpart II of the PHS act (42 USC 300x-32(a)1)	6	234,558	368,558	
Data Collection, Analysis, and Reporting	Administers an online reporting system, the Prevention Data Warehouse, which collects, analyzes, and reports data related to prevention services.	Section 1932(a)(1) of Title XIX, Part B, Subpart II of the PHS act (42 USC 300x-32(a)1)	1	0	85,228	
Prevention Education and Leadership Skills	Builds leadership skills in youth and affects critical life and social skills, including decision-making and refusal skills which are associated with a reduction in substance use/abuse.	Section 1932(a)(1) of Title XIX, Part B, Subpart II of the PHS act (42 USC 300x-32(a)1)	0	0	955,845	
* (Listed in priority order as determined by Agency)			Total	15	\$234,558	\$10,231,003

Department of Behavioral Health and Developmental Disabilities
 ZBB Program: Substance Abuse Prevention

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$927,267	\$954,725	\$661,036
Regular Operating Expenses	555,351	216,321	85,000
Computer Charges	4,116	5,074	
Real Estate Rentals	41,224	17,190	
Telecommunications	6,102	827	5,500
Contractual Services	12,515,100	12,413,511	9,479,467
Grants and Benefits	8,645	22,363	
Total Expenditures	\$14,057,804	\$13,630,011	\$10,231,003
Fund Type			
State General Funds	\$223,138	\$224,128	\$234,588
Federal Funds	13,834,666	13,405,883	9,996,415
Total Funds	\$14,057,804	\$13,630,011	\$10,231,003
Positions	13	14	17
Motor Vehicles	0	0	0

Department of Behavioral Health and Developmental Disabilities
 ZBB Program: Substance Abuse Prevention

Performance Measures

Agency Purpose:

The Department of Behavioral Health and Developmental Disabilities provides treatment and support services to people with behavioral health challenges and addictive diseases, and assists individuals who live with developmental disabilities. The agency seeks to provide high-quality health care opportunities for individuals with developmental disabilities or behavioral health challenges close to their homes, so they can live a life of independence and recovery and create a sustainable, self-sufficient, and resilient life in their community.

Program Purpose:

The purpose of this program is to promote behavioral health and well-being for Georgians by supporting community use of multi-level evidence-based behavioral health strategies.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of persons served in community-based prevention programs	600,000	575,000	580,000	658,849
2. Number of teens served at Prevention Clubhouses	48	86	140	N/A
3. Number of teens attending the Georgia Teen Institute	215	256	229	N/A
4. Number of persons who called the HODAC Helpline	14,945	14,861	14,862	N/A
6. Percentage of provider assistance requests resolved within 30 days	91%	92%	94%	N/A
7. Percentage of people served by evidence-based programs	34%	10%	10%	N/A
8. Number of businesses with Drugs Don't Work certification	5,714	5,899	6,314	N/A
9. Percentage of adults 18-24 who report binge drinking in the past month	22%	19%	18%	N/A



FY 2017 Zero-Based Budget Analysis

Department of Community Affairs

ZBB Program: Departmental Administration

Executive Summary

- The Department of Community Affairs (DCA), in collaboration with OPB, should continue updating its annual spending plan to anticipate fluctuations in federal and other funding.
 - The department should explore the possibility of diversifying the funding sources for executive staff salaries.
 - The contract between the department and the Georgia Advocacy Office should be eliminated. Funds should be transferred to the department's Home Access initiative administered by DCA's Special Housing Initiatives program.
-

Program Overview

The Departmental Administration program supports the operations of the Department of Community Affairs and its attached agencies. DCA promotes and implements community and economic development, local government assistance, and safe and affordable housing. Program activities include executive leadership, human resources, information technology, and financial services. The purpose of this review is to ensure that the program is functioning efficiently and effectively.

Results and Recommendations

The Departmental Administration program currently has 63 positions, with the largest proportion of those employees (35%) working in DCA agency financial services. The program is 14 percent state funded, and the program's budget represents 2.8 percent of the overall agency budget. The majority of the program's budget (77%) funds personal services.

Annual Spending Plan

Two large federal grants are phasing out in the next two years: HOME Investment Partnerships Program (HOME) and HomeSafe Georgia. HOME provides formula grants to states and localities for activities such as building, buying, or rehabilitating affordable housing for rent or purchase. HomeSafe Georgia provides foreclosure prevention services to unemployed and underemployed homeowners. Together, HomeSafe Georgia and HOME consistently account for 18 to 23 percent of the program's federal funding. The high likelihood of future reductions in federal and other fund sources requires the agency

to develop a comprehensive annual spending plan based on these projections. The plan should be shared with OPB on an ongoing basis to ensure that it aligns with the available budget and anticipated fund sources.

Executive Staff Salary Funding Sources

Of the eight positions in the executive office, six positions are primarily funded by the administrative portion of federal grants or by variable fund sources. These six positions are the following: commissioner, executive secretary, chief operating officer, marketing director, director of legal services, and director of government relations. The variable fund sources include building fees, bond allocation fees, and Regional Economic Assistance Projects payments, which fluctuate depending on Georgia's economic climate. In conjunction with the development of an annual spending plan, the department should also investigate means to diversify the funding sources used for executive staff salaries within this program to mitigate any future funding reductions.

Georgia Advocacy Office

DCA's Departmental Administration program has administered a contract with the Georgia Advocacy Office (GAO) for more than a decade. GAO is a private non-profit corporation that works with and advocates for vulnerable individuals in Georgia who are disabled or mentally ill. This office's initiatives include the following: monitoring and reporting institutional abuse, neglect, and maltreatment; advocating for disabled and mentally ill individuals seeking employment; and responding to allegations of discrimination and legal rights violations of persons with traumatic brain injuries.

This contract, and the services that GAO provides to Georgia's disabled populations, are outside the scope of work that DCA conducts; therefore, the contract with GAO should be eliminated from this program's budget. The funds should be transferred to the department's Home Access initiative administered by DCA's Special Housing Initiatives program.

Home Access Initiative

The Home Access initiative provides grants to improve the accessibility of owner-occupied units of low income households in which individuals with disabilities reside. Projects undertaken by these grant awards include bathroom retrofitting, wheelchair ramp installation, and widening of doorways. The initiative has been funded on an ongoing basis since 2008 through the Brain and Spinal Injury Trust Fund Commission. This funding stream limits improvements only to homes of individuals with traumatic brain or spinal cord injuries. The transfer of this \$224,902 previously utilized by GAO will allow all low income Georgians with a disability to apply for these grants.

Department of Community Affairs
 ZBB Program: Departmental Administration

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
DCA 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; coordinates with state agencies and legislature to produce budgets.	OCGA 50-8-1 et seq.	22	\$505,214	\$2,511,705
GHFA Financial Services	Maintains the financial records for the Authority; produces the financial reports necessary to maintain federal grants; keeps the Authority in compliance with Mortgage Revenue Bond regulations.	OCGA 50-8-1 et seq.	11	0	969,437
Administrative Support	Provides asset management, mail services, office supply and equipment management, and reception services; manages the publication of informational materials; maintains agency records.	OCGA 50-8-1 et seq.	8	137,361	1,181,995
Human Resources	Provides both operational and strategic services; 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 50-8-1 et seq.	4	67,973	454,852
Information Technology	Provides technology needs for the agency; maintains agency website; develops customized applications for internal customers; designs and maintains all databases; consists of two working teams: System Support and System Design and Development.	OCGA 50-8-1 et seq.	11	274,633	1,442,777
Executive Office	Provides direction, guidance, and oversight for all agency activities and operations.	OCGA 50-8-1 et seq.	7	143,337	1,228,979
Total			63	\$1,128,518	\$7,789,745

* (Listed in priority order as determined by Agency)

Department of Community Affairs
 ZBB Program: Departmental Administration

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$5,403,194	\$5,732,322	\$5,984,344
Regular Operating Expenses	381,647	437,454	410,922
Motor Vehicle Purchases			
Equipment		27,335	
Computer Charges	239,656	351,314	346,225
Real Estate Rentals	540,938	562,312	565,816
Telecommunications	106,424	120,247	108,106
Contractual Services	431,194	432,109	374,332
Total Expenditures	\$7,103,053	\$7,663,092	\$7,789,745
Fund Type			
State General Funds	\$1,099,912	\$1,114,819	\$1,128,518
Other Funds	3,083,918	3,534,306	3,313,069
Federal Funds	2,919,223	3,013,967	3,348,158
Total Funds	\$7,103,053	\$7,663,092	\$7,789,745

Positions	61	57	63
Motor Vehicles	18	18	14

Department of Community Affairs
 ZBB Program: Departmental Administration

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 Georgia 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 administrative support for all programs of the department.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of payments processed	171,405	167,993	166,686	150,291
2. Percentage of payments processed electronically	83%	89%	94%	94%
3. Average number of days to process payments	11	14	12	10
4. Employee turnover rate	N/A	N/A	6.75%	12.86%
5. Number of employment recruitments	58	53	59	70
6. Total value of grants processed	\$279,926,047	\$267,849,979	\$222,428,861	\$219,692,554
7. Number of IT service requests	3,833	4,180	3,897	4,060
8. Percentage of IT service requests closed on time	94%	98%	96%	98%



FY 2017 Zero-Based Budget Analysis

Department of Community Health
ZBB Program: PeachCare for Kids

Executive Summary

- PeachCare for Kids is a comprehensive health care program, administered by the Department of Community Health (DCH), which provides health care coverage to low-income, uninsured children with family incomes too high to qualify for Medicaid.
 - PeachCare is Georgia's Children's Health Insurance Program (CHIP), which is a joint federal-state program for which the federal government pays a portion of the cost. Until October 2015, the federal portion covered approximately 76 percent of costs for PeachCare; however, the Patient Protection and Affordable Care Act (PPACA) increased the federal share of costs by 23 percentage points beginning October 2015. This increased coverage will result in the federal government paying for 100 percent of PeachCare costs. State general funds for PeachCare should be reduced to account for the increased federal matching rate.
 - Certain reimbursement rates for primary care providers were increased in the Medicaid program but not the PeachCare program on July 1, 2015. DCH should seek to increase reimbursement rates in the PeachCare program to ensure rate parity with the Medicaid program.
 - The health insurance exchange created by the PPACA may represent an alternative method for providing health care coverage to children currently enrolled in the PeachCare program; however, a number of problems with the premium and cost-sharing subsidies prevent this option from being a reasonable alternative for obtaining coverage.
 - Federal funding for CHIP is currently scheduled to end on September 30, 2017. The General Assembly and Governor should convene a study committee of state legislators, child health care providers, child welfare stakeholders, and the commissioner of the Department of Community Health to develop a plan for the future of PeachCare. This plan should examine a variety of alternatives and make recommendations for four different scenarios: (1) enhanced federal funding for CHIP continues; (2) enhanced federal funding for CHIP is reduced to levels in line with previous levels from before federal FY 2016; (3) enhanced federal funding for CHIP is reduced to Medicaid-levels; and (4) federal funding for CHIP is eliminated.
 - PeachCare is almost entirely administered by contracted vendors. Although DCH has begun to focus more on driving performance improvement through value-based purchasing initiatives with the care management organizations (CMOs), the department should expand these efforts to continue improving all vendor performance and the quality of services received by members.
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Program Overview

PeachCare for Kids is a comprehensive health care program for uninsured children living in Georgia. The program was created by the General Assembly in 1998 as Georgia's state Children's Health Insurance Program (CHIP). CHIP is a joint federal-state program that provides health coverage to low-income, uninsured children with family incomes too high to qualify for Medicaid. In 2014, Georgia had 215,338 children enrolled in the PeachCare for Kids program.

The Division of Medical Assistance (DMA) at the Department of Community Health (DCH) administers both the Medicaid and PeachCare programs, but PeachCare is operated as a stand-alone program from Medicaid. In 2015, the budget included 12 full-time equivalent (FTE) positions to work on the PeachCare program (these positions are paid from the budgets of the Department Administration and Support program). Most program activities are performed by contractors.

PeachCare provides enrollees with the same benefit package as Medicaid, excluding coverage for Non-Emergency Transportation (NET) and home health services. In addition to standard medical benefits, PeachCare covers preventive and screening, dental, and vision services. Provider reimbursement rates for services are equivalent to Medicaid's rates, with the exception of certain evaluation and management services which have higher rates for PeachCare.

PeachCare benefits are provided to members through Care Management Organizations (CMOs), which are private health insurance plans. New PeachCare members are required to choose a CMO within 30 days of being approved for PeachCare. 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 algorithm. Until a member is enrolled in a CMO, claims are paid on a fee-for-service basis.

Currently, three CMOs provide benefits to PeachCare members statewide, and 95 percent of PeachCare services are delivered through a CMO. DCH has risk-based contracts with the three CMOs, whereby the CMOs assume financial risk for the cost of covered services and plan administration. Since the CMOs assume risk in DCH's contracts, the CMOs accept fixed per member per month payments for services. In 2014, DCH paid the CMOs approximately \$35 million per month in capitation payments for services delivered to PeachCare members.

PeachCare requires cost sharing for some members. Families enrolling children ages 6 through 18 are required to pay monthly premiums and copays for services. The cost sharing amounts are set based on the family's household income, and federal law requires that cost sharing be capped at five percent of the family's household income. A recent study indicated that PeachCare coverage has a 99 percent actuarial value, meaning that 99 percent of an average member's medical costs would be covered by PeachCare.

The Medicare Access and CHIP Reauthorization Act (MACRA) authorized two additional years of federal funding for CHIP beginning on October 1, 2015, and ending on September 30, 2017. However, federal funding to continue the program after September 30, 2017 is uncertain. This purpose of this review is to evaluate the costs and benefits of the PeachCare program and evaluate other coverage options for the population currently covered by the PeachCare for Kids program in light of the program's uncertain future.

Results and Recommendations

Reduce funds to account for enhanced federal matching rates available for PeachCare

The Patient Protection and Affordable Care Act (PPACA) authorized a 23 percentage point increase to the already enhanced federal medical assistance percentage (FMAP) rate for CHIP, and the Medicare Access and CHIP Reauthorization Act (MACRA) authorized two years of funding for CHIP at this new rate beginning October 1, 2015, and ending September 30, 2017. This enhanced federal matching rate means that PeachCare will have a 100 percent federal matching rate beginning on October 1, 2015. The FY 2016 Appropriations Act already accounted for the increase in federal dollars available for use on benefits offered by the program. However, the CHIP enhanced federal matching rate also applies to administrative activities associated with the program. The AFY 2016 and FY 2017 budget recommendations should account for the enhanced federal matching rate for PeachCare administrative expenses by reducing state general funds in DCH's Departmental Administration and Program Support by \$5.8 million in AFY 2016 and \$7.7 million in FY 2017.

While the FY 2016 Appropriations Act already accounted for the increase in federal dollars available for PeachCare in terms of benefits, the enhanced matching rate will only apply in FY 2016 for three-quarters of the state fiscal year. In FY 2017, the enhanced matching rate for PeachCare will be available for the entire state fiscal year. Therefore, the FY 2017 budget recommendation should account for a fourth quarter of enhanced federal funding by reducing state general funds by \$20.6 million in FY 2017 for the PeachCare program.

Additionally, the federal government will pay the 23-percentage-point enhanced federal matching rate for some children enrolled in the Low-Income Medicaid (LIM) program. Beginning January 1, 2014, the PPACA required Georgia to move children who were ages 6 to 19 with household incomes between 100 and 133 percent of the federal poverty line (FPL) from PeachCare to LIM. This requirement moved approximately 60,000 children from PeachCare to the LIM program. The statutory authority in the PPACA for the movement of these children from CHIP to Medicaid comes from the same section that extended Medicaid eligibility to adults below 133 percent of FPL. In 2012, the U.S. Supreme Court held that the federal government could not cut off funding for a state's existing Medicaid program if it refused to expand coverage to adults with household incomes up to 133 percent of the FPL. To avoid any conflicts between the PPACA and the Supreme Court ruling, the federal government will continue to pay enhanced CHIP FMAP rates on these children even after they are moved from CHIP to Medicaid. The FY 2016 Appropriations Act already accounted for the increase in federal dollars available for these children in the LIM program, but the enhanced matching rate will only be in place for three quarters of the fiscal year. Therefore, the FY 2017 budget recommendation should account for a fourth quarter of enhanced federal funding by reducing state general funds by \$3.9 million in FY 2017 for the LIM program.

Increase PeachCare reimbursement rates for certain services and providers to maintain at least parity with Medicaid

In most cases, reimbursement rates to providers are the same in Medicaid and PeachCare. However, in the past few years, changes to certain codes in either PeachCare or Medicaid have made some rates higher in one program versus the other program.

The first change occurred in 2012 when certain Evaluation and Management (E&M) and immunization codes in PeachCare were increased. The rates increased in 2012 because PeachCare eligibility was being opened up to children of individuals eligible for State Health Benefit Plan (SHBP) coverage and Board of Regents Health Plan (BORHP) coverage. Reimbursement rates in these two plans were higher than PeachCare reimbursement rates, so the rates were increased for certain codes to help mitigate the financial impact on providers treating these children. When this change was implemented on April 1, 2012, PeachCare rates for these codes were higher than the rates paid for these services through Medicaid.

The second change occurred in 2013 when the PPACA temporarily increased Medicaid reimbursement rates for certain procedures performed by certain primary care providers. This rate increase began on January 1, 2013, and ended on December 31, 2014. During this time period, some Medicaid reimbursement rates for primary care providers were higher in Medicaid than PeachCare. The FY 2016 Appropriations Act provided funding to partially continue these increased rates for primary care providers, beginning on July 1, 2015. As of July 1, 2015, some rates for primary care providers in the Medicaid program are higher than the same rates in the PeachCare program.

DCH should seek to increase reimbursement rates in the PeachCare program to ensure rate parity with the Medicaid program. Providers who accept either Medicaid or PeachCare are also required to accept the other DCH medical assistance program; thus, ensuring rate parity will provide consistency for providers in billing for Medicaid and PeachCare members. Additionally, the services that correspond to the increased rates are primary care services that can eventually help to reduce costs and improve member wellness by preventing more costly and intensive procedures and visits later.

In May 2015, DCH issued a public notice describing its intent to increase certain primary care reimbursement rates to achieve parity with Medicaid's reimbursement rates. This change is estimated to cost approximately \$375,000 in state general funds in FY 2016 and \$0 in state general funds in FY 2017.

Similar health care coverage options are not currently available for children enrolled in PeachCare

The PeachCare program was established in 1998 because comprehensive health insurance coverage for children of poor families who did not qualify for Medicaid did not exist. Since 1998, the landscape of health insurance coverage has changed with the introduction and implementation of the PPACA. The health insurance exchange may represent an alternative avenue for providing these children with health insurance coverage.

The PPACA health insurance exchanges provide individuals with premium subsidies to help make health insurance more affordable if the individual has a household income between 100 percent and 400 percent of the federal poverty line (FPL). Since PeachCare eligibility starts at or above 100 percent (the actual eligibility threshold depends on the child's age) and ends at 247 percent of the FPL, all children currently enrolled in the PeachCare program live in households that would be eligible to receive premium subsidies to purchase health insurance coverage via the exchange. However, these premium subsidies do not appear to provide a reasonable alternative to the PeachCare program for a number of reasons.

First, these subsidies are not available for child-only health coverage plans. Therefore, to receive assistance for purchasing health care coverage from the exchange, these families would have to

purchase family health insurance plans, which can be substantially more expensive than a child-only plan. This feature of the subsidies could, however, drive these families to purchase family coverage, in effect increasing the percentage of insured Georgians. However, families could also make the opposite choice and choose not to buy any insurance for the family, thereby reducing the percentage of insured Georgians.

Second, premium subsidies for exchange plans are set based on 70 percent actuarial value plans, while PeachCare has approximately a 99 percent actuarial value. Most of these families (assuming they do not have an offer of coverage from their employers) would qualify for cost-sharing assistance from the federal government for exchange plans. For most families currently enrolling their children in PeachCare, cost-sharing subsidies would increase the actuarial value of their plan to 94 percent (for families with a household income between 100 and 150 percent of the FPL), 87 percent (for families with a household income between 150 and 200 percent of the FPL), or 73 percent (for families with a household income between 200 and 247 percent of the FPL). While this assistance would give these families higher value plans, these families would still have to pay a greater share of costs than they did for PeachCare; this factor could result in these children not receiving necessary services.

Lastly, some PeachCare members would not be eligible for the federal subsidies at all because their employer offers coverage. The PPACA requires employers to offer their full-time employees affordable, minimum-value health insurance coverage. The PPACA defines “affordable coverage” as the employee-only plan premium not exceeding 9.5 percent of the employee’s household income. This means that an employer could offer coverage that meets PPACA’s affordability requirement, but the family plan premium could far exceed 10 percent of the employee’s household income (this is sometimes referred to as the “family loophole”). Additionally, the PPACA defines “minimum value” as a plan with an actuarial value of at least 60 percent, meaning the plan covers 60 percent of the medical expenses for an average member. Employees offered affordable, minimum value coverage (as defined by PPACA) through their employer would not be eligible for any premium or cost-sharing subsidies to purchase coverage on the exchange. For an average PeachCare family that may have three family members and a household income of \$30,000, a \$3,000 (or higher) annual premium for health insurance with an actuarial value of 70 percent is likely not affordable.

Study committee should explore options and recommend solutions for the expiration of CHIP funding in 2017

As mentioned earlier, the Medicare Access and CHIP Reauthorization Act (MACRA) authorized two years of funding for CHIP at the enhanced rate, which covers an additional 23 percentage points beginning October 1, 2015 and ending September 30, 2017. However, funding for CHIP is currently scheduled to end on September 30, 2017. In light of uncertainty surrounding future federal involvement in the program, the state should begin planning now for the future of the PeachCare program. The General Assembly and Governor should convene a study committee of state legislators, child health care providers, child welfare stakeholders, and the commissioner of the Department of Community Health to develop a plan for the future of PeachCare. This study committee should examine a variety of alternatives for replacing the PeachCare program, as well redesigning the program to meet potential future budget reductions. Since the future of CHIP is uncertain at this time, the committee’s report should make recommendations for four different scenarios: (1) enhanced federal funding for CHIP continues; (2) enhanced federal funding for CHIP is reduced to levels in line with previous levels from

before federal FY 2016; (3) enhanced federal funding for CHIP is reduced to Medicaid-levels; and (4) federal funding for CHIP is eliminated.

DCH should build greater accountability into their vendor contracts

PeachCare is almost entirely administered by contractors, while only twelve full-time equivalent (FTE) employees work at DCH to oversee vendor performance and write policy. The major contractors currently administering some portion of the PeachCare program are the following:

- Maximus – eligibility and enrollment
- Hewlett Packard – management information system
- Truven – decision support services
- Wellcare – care management organization
- Amerigroup – care management organization
- Peach State Health Plan – care management organization
- Georgia Medical Care Foundation – medical management services
- Aon – rate setting and other actuarial services

DCH should appropriately manage the performance of these vendors and hold them accountable for their performance. Specifically, the revisiting of contracts for care management organizations (CMO) provides DCH with an opportunity to build greater accountability into the contracts. The CMO re-procurement indicated that DCH plans will begin implementing value-based purchasing in FY 2017. This approach will involve DCH withholding five percent of the CMOs' capitation payments and then using those funds to provide a monetary incentive for certain improvements in performance. These improvements will be based on measures from the Healthcare Effectiveness Data and Information Set (HEDIS), which measures performance, quality of care and service. While value-based purchasing will help drive some improvements in the care delivered to members by the CMOs, DCH should expand these efforts to drive greater performance among all its vendors in order to bolster the quality of services received by members.

Department of Community Health
ZBB Program: PeachCare for Kids

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Health care coverage for infants	Provides for the delivery of health benefits to infants age 0 to 11 months old whose families have a household income between 205% and 247% of the federal poverty line (FPL).	OCGA 49-5-273	0	\$1,141,879	\$21,221,285
Health care coverage for children	Provides for the delivery of health benefits to children age 1 to 5 years old whose families have a household income between 149% and 247% of the federal poverty line (FPL).	OCGA 49-5-273	0	3,700,983	68,781,045
Health care coverage for adolescents	Provides for the delivery of health benefits to children age 6 to 18 years old whose families have a household income between 133% and 247% of the federal poverty line (FPL).	OCGA 49-5-273	0	19,452,433	361,514,377
PeachCare Premiums	Monthly premium amount paid by the member. Statute requires that PeachCare charge members premiums and copayments. Federal law limits all cost sharing to 5% of the member's household income.	OCGA 49-273(e), OCGA 49-5-273(l)	0	(1,473,914)	(27,392,013)
Total			0	\$22,821,381	\$424,124,694

Funded in the Departmental Administration and Program Support Program at DCH

Eligibility and Enrollment	Determines whether children are eligible for the program by screening applications, performing citizenship, immigration, and identity checks, and verifies reported income. This function is contracted out to a third party vendor.	OCGA 49-5-273(a), OCGA 49-5-273(l)	0	\$4,822,602	\$20,186,668
Administration and Vendor Oversight	Determine benefits, interface with federal government, conduct periodic procurements for vendors, and oversee and hold vendors accountable for performance.	OCGA 49-5-273	12	2,847,071	11,934,617
Total			12	\$7,669,673	\$32,121,285

* (Listed in priority order as determined by Agency)

Department of Community Health
 ZBB Program: PeachCare for Kids

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Grants and Benefits	\$404,997,639	\$299,119,699	\$417,246,653
Hospital Payments to Benefits	7,356,158	7,661,300	6,878,041
Total Expenditures	\$412,353,797	\$306,780,999	\$424,124,694
Fund Type			
State General Funds	\$95,504,165	\$69,141,023	\$22,821,381
Hospital Provider Payment Funds	1,759,125	1,827,220	1,827,220
Other Funds	159,145	66,242	151,783
Federal Funds	314,931,362	235,746,514	399,324,310
Total Funds	\$412,353,797	\$306,780,999	\$424,124,694
Positions	0	0	0
Motor Vehicles	0	0	0

Department of Community Health
 ZBB Program: PeachCare for Kids

Performance Measures

Agency Purpose:

The Department of Community Health (DCH) 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 coverage to Georgia children who do not have access to adequate medical treatment through utilizing federal funding made available under Title XXI of the federal Social Security Act.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Percentage of PeachCare eligible children who are enrolled in the program	72%	75%	76%	N/A
2. Percentage of members in Georgia Families 12 months to 19 years old who had a visit with a primary care physician (Medicaid and PeachCare)	84%	87%	87%	N/A
3. Percentage of members in Georgia Families receiving recommended immunizations by their 3rd birthday (Medicaid and PeachCare)	80%	79%	82%	N/A
4. Percentage of children ages 3 to 17 that had an outpatient visit with a PCP or OB/GYN and whose weight is classified based on body mass index percentile for age and gender	21%	28%	30%	N/A
5. Per member per month cost	\$110	\$134	\$131	\$135



FY 2017 Zero-Based Budget Analysis

Department of Defense

ZBB Program: Departmental Administration

Executive Summary

- The department should establish new performance measures to track and annually report on the workload and efficiencies associated with each of the program's key activities.
-

Program Overview

The Georgia Department of Defense (GaDoD) manages and maintains facilities for the training of National Guardsmen in order to provide military forces ready for active duty and also to support civil authorities in times of emergency. The agency also currently operates two Youth Challenge Academies (YCA), located at Fort Stewart and Fort Gordon, that serve the state by offering high school dropouts an opportunity to earn high school credentials and develop life skills to be productive citizens in a military-style training environment.

The Departmental Administration program in the GaDoD consists of two subprograms: the Administrative Management Office (AMO) and the State Personnel Office (SPO). AMO is responsible for accounting, payroll, budgeting, procurement, and grant administration for the department. SPO oversees the human resources functions for the agency. The administration program supports 465 employees, 71 training facilities, and two YCA campuses.

Recently, GaDoD received authorization to expand its YCA operations to a third campus located in Milledgeville. It is scheduled to open in FY 2017. The agency anticipates increased workloads for AMO and SPO employees as the campus nears completion.

The purpose of this review is to evaluate the cost-effectiveness of the key activities of the Departmental Administration program, establish performance measures, and recommend operational changes that will promote efficiency.

Results and Recommendations

Performance Measure Recommendations

Currently, performance measures for GaDoD's Departmental Administration program have not yet been established. GaDoD should begin to track and annually report on standard performance metrics for administration programs used in all state agencies. These measures include the number of audit findings, agency turnover rate, number of voucher lines entered, and percentage of payments made electronically. The agency will also annually report the total funds received from grants and cooperative agreements. These metrics will adequately illustrate the workload and efficiencies associated with administrative program activities and bring the program into compliance with the state performance measure guidelines.

Department of Defense
 ZBB Program: Departmental Administration

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Financial Management	Manages budgets, cooperative agreements, accounting, financial reporting, purchasing, and grant administration.	OCGA 38-2-153; 38-2-175; 38-2-177	14.0	\$841,799	\$1,369,866
Human Resources	Manages recruitment, new hire processing, background checks, classification reviews, compensation and benefits administration, and performance management.	OCGA 38-2-132	5.0	301,580	497,041
Total			19.0	\$1,143,379	\$1,866,907

* (Listed in priority order as determined by Agency)

Department of Defense
 ZBB Program: Departmental Administration

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$1,645,895	\$1,710,103	\$1,770,340
Regular Operating Expenses	42,945	39,311	52,168
Motor Vehicle Purchases		17,740	
Equipment		14,116	
Computer Charges	8,982	4,453	12,115
Real Estate Rentals			
Telecommunications	14,723	31,021	32,184
Contractual Services	18	26	100
Total Expenditures	\$1,712,563	\$1,816,771	\$27,641
Fund Type			
State General Funds	\$1,037,307	\$1,115,143	\$1,143,379
Other Funds			
Federal Funds	675,256	701,629	723,528
Total Funds	\$1,712,563	\$1,816,771	\$1,866,907
Positions	18	19	19
Motor Vehicles	2	2	2

Department of Defense
 ZBB Program: Departmental Administration

Performance Measures

Agency Purpose:

The Department of Defense serves the nation and the State of Georgia by organizing and maintaining National Guard forces, which the President of the United States can call to active duty to augment the nation's regular armed services, or which the Governor, as Commander-in-Chief of the State Militia, can order deployed in instances of disaster, riot, violence, or other dangers threatening the state and its citizens.

Program Purpose:

The purpose of this appropriation is to provide administration to the organized militia in the State of Georgia.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of audit findings	0	3	0	0
2. Agency turnover rate	26.50%	31.20%	26.80%	26.50%
3. Number of voucher lines entered	30,028	31,324	27,788	27,641
4. Percentage of payments made electronically	45%	58%	63%	69%
5. Total funds received from grants and cooperative agreements	67,236,794	72,573,691	50,804,836	55,078,120



FY 2017 Zero-Based

Budget Analysis

Department of Defense

ZBB Program: Military Readiness

Executive Summary

- The purpose of the Military Readiness program is to provide and maintain readiness centers, air fields, and training environments for the federally funded training of Georgia National Guardsmen.
 - The department should update the program purpose statement to accurately reflect the program's command structure, authority and use of funds.
 - The department should establish new performance measures to track and annually report on the workload and efficiencies associated with each of the program's key activities.
-

Program Overview

The purpose of the Military Readiness program is to provide command, control, and facilities for an organized militia as set forth in O.C.G.A 38-2-3. This organized militia consists of the Army National Guard, Air National Guard, and the State Defense Force.

Operations of the Georgia Department of Defense (GaDoD) are primarily federally funded and have a substantial impact on the state's economy. According to the agency's annual report, the state collects approximately \$26 million in income taxes from Georgia guardsmen and GaDoD civilian employees, and the Military Readiness program has injected \$100 million or more into the Georgia economy since 2010. Performance metrics show that the state has received an average of \$11 in federal money for every \$1 of state investment in this program over the past four years. The state investment in GaDoD Military Readiness supports facility sustainment and maintenance, military administration, and a volunteer state defense force. The state also provides bond funds to match federal funding for military construction projects. Federal support for this program provides military construction, lodging, and requisite training to maintain National Guard troops in Georgia.

GaDoD and the Military Readiness program are commanded by The Adjutant General (TAG), who is appointed by the governor to serve as the state's highest ranking military officer. TAG oversees all departmental activities and operations, including military construction, financial management, human resources, government affairs, communications, youth education services, and disaster planning. TAG is responsible for directing guardsmen and resources during governor-declared states of emergency.

The primary activity of the Military Readiness program is to operate and maintain Army National Guard readiness centers and six Air National Guard facilities, where 13,900 guardsmen train to assist active military units of the U.S. Army and U.S. Air Force. GaDoD accomplishes this mission by working cooperatively with the National Guard Bureau to construct, renovate, and sustain National Guard training facilities.

The National Guard Bureau is a joint activity of the Army and Air Force under the U.S. Department of Defense (USDoD). It administers funding to state military departments and serves as a liaison between state National Guard units and the USDoD. The National Guard Bureau establishes policies, provides funding, and manages the training of guardsmen. Georgia's Department of Defense does not receive or disperse funds for any personnel or expenses related to the training of guardsmen.

Currently, 13,900 guardsmen are enlisted in Georgia, accounting for over three percent of the national total authorized. National end strength is set by Congress, and the National Guard Bureau authorizes state end strengths, which are based on a state's population size, demand for guardsmen, and ability to recruit guardsmen. Due to Georgia's success in recruiting, the Georgia National Guard is authorized to recruit additional guardsmen to offset other states' inability to fulfill their authorized end strength goals. In FY 2016 the National Guard's end strength will decrease from 455,000 to 447,000 soldiers and airmen. It is unclear how much of this reduction in force will be absorbed by GaDoD.

Georgia currently operates 84 units across the state, each of which has been authorized a specific amount of square footage based on unit type and mission. The bureau determines where to construct new facilities based on recruitment potential and guard population. The National Guard Bureau uses an application called the Installation Status Report to rate readiness centers, estimate improvement costs, and prioritize renovation, modernization, and construction projects. These ratings are based on the following three components: infrastructure conditions, natural infrastructure capabilities, and services available. This system helps the GaDoD and the National Guard Bureau determine which facilities fail to comply with USDoD facility regulations and need improvement.

Currently, 59 Army National Guard sites and six air facilities house Georgia National Guard units, and two inactive Army National Guard sites are slated to be removed from state ownership by the State Properties Commission. Since 2000, the department has deactivated and divested 19 facilities in south Georgia due to declining National Guard populations and difficulty recruiting guardsmen in the region. When readiness centers are returned to local governments, the counties and municipalities are required to take on the outstanding debts associated with the facilities.

The Bureau administers funds to GaDoD's Military Readiness program each fiscal year through Master Cooperative Agreements (MCA), Military Construction Cooperative Agreements (MCCA), and Special Projects Cooperative Agreements. National Guard regulations authorize TAG to be the primary recipient and administrator of funds allocated through cooperative agreements. TAG and the director of financial management work with the National Guard Bureau representatives to establish the amount of federal funding and the required state match for facility maintenance, modernization, and renovation projects. MCCAs establish the amount of federal funding and the required state match for the construction of new facilities. Typically the state is required to provide up to a 50 percent match for different components of cooperative agreements, but this amount may vary due to the availability of federal funds. Historically, the state uses bonds as matching funds for renovations and construction projects. At this point in time, it is unclear whether GaDoD will continue to receive the same level of federal funding

that it has received over the last five years due to uncertainty in the federal budget process and reductions in military spending.

The Georgia Army and Air National Guard's total annual federal budget is approximately \$520 million, and these funds support a wide variety of federal defense activities, including the training and recruiting of guardsmen to assist active military units in the U.S. Army and U.S. Air Force. Only eight percent of the Georgia Army and Air National Guard's total federal budget, approximately \$40 million, is included in GaDoD's annual budget. The majority of federal funds received by the agency are allocated directly to the Military Readiness program to manage, maintain, and renovate readiness centers and airfields.

In addition to its facility management responsibilities, the program serves the state of Georgia by planning and coordinating with state officials for civil defense and disaster preparedness, as well as by mobilizing guardsmen to assist state and local authorities during periods of disaster, disturbance, or other emergency situations. The program also houses the volunteer State Defense Force, which assists state and local authorities during emergency response missions. In recent years, GaDoD has responded to multiple natural disasters and emergency events, such as the south Georgia wildfires and the winter storms in 2014. During the 2014 winter storms, guardsmen and SDF volunteers converted armories into warming shelters; provided stranded citizens with food, water, and blankets; and removed debris in support of Georgia Power's restoration efforts.

National Guard regulations require GaDoD to operate two billeting facilities to provide lodging for Georgia guardsmen, armed forces personnel, government officials, and citizens conducting business at the Clay National Guard Center and Georgia Guard Training Center at Fort Stewart. The facilities are federally owned and state operated. Billeting personnel and operating expenses are funded by revenue collected from guests using the facilities. National Guard regulations prohibit billeting revenue from being used for purposes other than managing billeting facilities.

The purpose of this review is to evaluate program outcomes and the cost-effectiveness of the key activities of the Military Readiness program and to recommend operational changes that will promote efficiency.

Results and Recommendations

Purpose Statement

The agency should alter the Military Readiness program's purpose statement to read, "The purpose of this appropriation is to provide and maintain facilities for the training of Army National Guard, Air National Guard, and State Defense Force personnel, and to provide an organized militia that can be activated and deployed at the direction of the president or governor for a man-made crisis or natural disaster."

Currently, the Military Readiness program's purpose statement reads, "The purpose of this appropriation is to provide an Army National Guard, Air National Guard, and State Defense Force for the state of Georgia that can be activated and deployed at the direction of the President or the Governor for a man-made crisis or natural disaster." This statement is misleading because the program only receives state and federal appropriations to support the maintenance, renovation, modernization, and

construction of National Guard facilities, and it does not have the authority to direct funds to guardsmen except during governor-declared states of emergency. The National Guard Bureau is the only entity responsible for managing resources to train and equip National Guardsmen.

Performance Measures

GaDoD's Military Readiness program will provide data for the average annual cost of maintenance per facility, the average number of guardsmen trained per facility, the number of deployment-eligible guardsmen, and the number of guardsmen deployed overseas each fiscal year. These metrics illustrate GaDoD's contribution to the Army and Air National Guard's mission of providing ready forces to support active military units and their facilities. Additionally, GaDoD will annually report the ratio of federal dollars received to state expenditures in order to illustrate the return on investment for state appropriations and bond funds that support this program.

Military construction is a federally funded activity with a limited state investment. The state is responsible for providing bond funds to match federal support for expenses associated with the renovation, modernization, and construction of National Guard training facilities. GaDoD will provide data for the average annual cost of renovations per project. GaDoD will also provide data for the total number of nights that billeting units were occupied each fiscal year in order to gauge facility usage and the workload for billeting staff.

Department of Defense
ZBB Program: Military Readiness

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Facility Sustainment and Maintenance	Maintains headquarters, readiness centers, air-guard facilities, and training environments.	OCGA 38-2-195	181.0	\$2,931,622	\$35,152,544
Military Administration	Provides oversight for military construction, financial management, human resources, government affairs, communications, counter-drug initiatives, and emergency response efforts.	OCGA 38-2-132	29.0	2,085,077	3,868,018
Military Construction ¹	Manages the construction, restoration, and modernization of 65 readiness centers, six air-guard facilities, and training environments.	OCGA 38-2-191; 38-2-193; 38-2-26	21.0		2,690,380
Billeting	The National Guard billeting operations provides Chargeable Transient Quarters (CTQ) with housekeeping services for all armed forces, Federal and State agencies, local governmental and civic organizations and private enterprises.	OCGA 38-2-26	24.0		1,204,276
State Defense Force	Volunteer force that provides support to National Guard in addition to state and local authorities during emergency response missions.	OCGA 38-2-50	0.0	69,723	69,723
Troop Readiness ²	Training of guardsmen for overseas deployments and emergency response during natural or man-made disasters.	10 U.S.C. § 10503	0.0		
Total			255.0	\$5,086,422	\$42,984,941

* (Listed in priority order as determined by Agency)

1. Military Construction receives bond funds to match federal share of renovation, modernization, and construction projects.

2. The National Guard Bureau manages and finances the training of National Guardsmen directly. GaDoD does not receive or disperse funds for the training of guardsmen, nor does it have any authority over training operations or procedures.

Department of Defense
 ZBB Program: Military Readiness

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget*
Personal Services	\$16,860,038	\$16,530,908	\$16,747,267
Regular Operating Expenses	12,280,744	12,142,540	13,759,359
Equipment	273,824	765,046	342,210
Computer Charges	245,550	143,071	217,740
Real Estate Rentals	433,222	404,451	433,224
Telecommunications	603,045	632,349	683,122
Capital Outlay	14,791,575	13,116,733	5,634,048
Contractual Services	4,804,507	7,077,743	5,167,971
Transfers	224,549	34,200	
Other	150,578		
Total Expenditures	\$50,667,633	\$50,847,040	\$42,984,941
State General Funds	\$4,855,293	\$4,908,388	\$5,086,422
Other Funds	5,467,311	2,203,110	3,258,997
Federal Funds	40,345,029	43,735,542	34,639,522
Total Funds	\$50,667,633	\$50,847,040	\$42,984,941
Positions	238	255	255
Motor Vehicles	50	50	50

Department of Defense
 ZBB Program: Military Readiness

Performance Measures

Agency Purpose:

The Department of Defense serves the nation and the State of Georgia by organizing and maintaining National Guard forces, which the President of the United States can call to active duty to augment the nation's regular armed services, or which the Governor, as Commander-in-Chief of the State Militia, can order deployed in instances of disaster, riot, violence, or other dangers threatening the state and its citizens.

Program Purpose:

The purpose of this appropriation is to provide and maintain facilities for the training of Army National Guard, Air National Guard, and State Defense Force personnel, and to provide an organized militia that can be activated and deployed at the direction of the President or Governor for a man-made crisis or natural disaster.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Average number of guardsmen trained per facility	223	220	227	229
2. Average cost of renovations per project(ARNG)	726,249	924,760	1,068,298	652,857
3. Number of deployment eligible guardsmen	10,505	10,156	10,824	10,950
4. Number of nights stayed in billeting units	57,473	45,361	63,763	61,647
5. Number of State Defense Force volunteer man-days for state and community support	N/A	5,743	16,259	14,791
6. Federal dollars received per state dollar invested	12.70	14.00	8.30	9.00
7. Number of deployments by the Army/Air National Guard for state of emergencies declared by the Governor	0	1	2	0
8. Number of guardsmen deployed overseas	1,552	1,458	918	584
9. Average annual cost of maintenance per facility	39,962	39,874	36,949	33,645



FY 2017 Zero-Based Budget Analysis

Department of Driver Services

ZBB Program: Regulatory Compliance

Executive Summary

- The Department of Driver Services' (DDS) Regulatory Compliance program provides oversight for a number of driver safety programs that provide driver education and training for Georgians, including for defensive driving, commercial driver's license acquisition, DUI risk reduction, alcohol and drug awareness, and for-hire driver certification.
 - House Bill 225 from the 2015 legislative session expanded DDS' oversight of licenses to include taxi and ride-share drivers in addition to chauffeurs beginning July 1, 2015. DDS should closely monitor the workload and efficiencies associated with these new responsibilities, while continuing to use existing resources to manage license endorsements.
 - The administrative functions of the Georgia Driver Education Commission within DDS should be statutorily moved to the Governor's Office of Highway Safety.
 - DDS should explore options to expand its use of the Online Certificate Reporting Application (OCRA) to include the driver training, alcohol and drug awareness, and ignition interlock provider programs.
-

Program Overview

The Regulatory Compliance program administers the Department of Driver Services' regulation and administrative support for driver training, DUI schools, driver improvement, ignition interlock providers, the Georgia Alcohol and Drug Awareness Program (ADAP), the Commercial Driver's License Program, and taxi, chauffer, and ride-share endorsements. This program provides certification, monitoring, training, and publication of manuals for these initiatives.

Driver training programming is geared toward individuals seeking an initial driver's license and is a requirement for anyone seeking a driver's license who is 16 years of age. Joshua's Law, which took effect on January 1, 2007, requires all 16 year olds to complete a DDS approved driver education course in order to obtain a Class D driver's license. This law also created the Driver Education and Training Fund to support driver education initiatives in the state by reducing the cost of school-based driver education courses and by providing scholarships for students attending accredited driver education schools. This fund designates a percentage of all traffic citations to driver education and is overseen by the Georgia

Driver Education Commission (GDEC). Both GDEC and its director operate out of the Office of Highway Safety (OHS) through a memorandum of understanding between DDS and OHS. GDEC is currently still administratively attached to DDS by law, and OHS should statutorily absorb the administrative functions of the commission from DDS.

In Georgia, there are currently:

- 259 driver training schools
- 953 driver training instructors
- 107 third-party testers and examiners

Driver Improvement is a program that regulates defensive driving education for licensed drivers of any age. DUI, Alcohol or Drug Use Risk Reduction is a mandated 20-hour intervention program for people convicted of a DUI. Across the state, there are currently:

- 284 DUI programs
- 824 DUI instructors
- 227 driver improvement clinics
- 339 driver improvement instructors

Individuals who have two or more DUI convictions within any 5-year period must have a DDS-approved ignition interlock device installed from an approved center on each vehicle that person intends to operate for a period of up to 12 months. There are currently 77 approved ignition interlock providers in Georgia.

DDS' ADAP is a course designed to raise awareness among teens about the adverse effects of drugs and alcohol and to educate teen drivers on the consequences of operating a motor vehicle while impaired. This course is jointly established by the State Board of Education and the Board of Driver Services and is required by law to be offered in all high schools which receive state funds. Drivers under the age of 18 must provide documentation that they have successfully completed ADAP in order to obtain a Georgia driver's license. The Regulatory Compliance program oversees and enforces certification standards for providers of these programs.

DDS Regulatory Compliance also approves curricula, performs annual audits, and conducts on-site monitoring visits to observe instructors and inspect vehicles on an ongoing basis in order to ensure program integrity. Providers are monitored to ensure that required documentation is on file and that all buildings and vehicles meet DDS standards. In recent years, the percentage of regulated programs in compliance has ranged from 83 percent to 85 percent.

Program staff also provides training to driving instructors and program providers. Teams of two staff members who work with program certification and program audits provide over 75 training events annually across the state each year. Training hours vary by course, but most courses typically last five hours. Continuing education credits are awarded for participation in training events and count toward continuing education requirements for new applicants and recertification.

Each year, the program publishes the Alcohol and Drugs Awareness Program Manual and the Parent Teen Driving Guide, which serve as educational materials for student drivers and their parents and include information about traffic laws, safe driving practices, and alcohol and drug awareness. In 2015,

Regulatory Compliance distributed 150,000 copies each of the ADAP manual and the Parent Teen Driving Guide. DDS administers and provides support for the ADAP program for Georgia students statewide. Doing so qualifies them to receive federal funds for the support of one ADAP position.

The purpose of this review is to evaluate program workload and performance outcomes as a result of new laws that took effect on July 1, 2015, and which are expected to impact key activities.

Results and Recommendations

HB 225 Legislation – Expanded Endorsement Program

HB 225 from the 2015 legislative session expanded DDS' endorsement program to include taxi and ride-share drivers in addition to chauffeurs. Beginning July 1, 2015, DDS is responsible for ensuring that these drivers have a valid Georgia driver's license, have no felony convictions in the past ten years, and are employed by a registered company. A ride-share network service is defined as any entity using a digital or internet network to connect passengers to drivers for the purpose of arranging transportation for hire ahead of pick-up. This legislation requires all ride-share, taxi, and limousine drivers to pass a criminal background check. Although background checks may be performed by private firms, only the Department of Driver Services' Regulatory Compliance Division can provide the required license endorsements for a \$15 fee. Prior to HB 225, only limousine drivers were required to be endorsed by DDS; there are currently approximately 4,900 endorsed chauffeurs throughout the state. DDS expects an increase in drivers seeking these endorsements as a result of the new regulation requirements, though the overall impact to the agency's workload and resources is not yet known. The Atlanta Taxicab Company Owners Association estimates that there are 11,000 taxi drivers in metro Atlanta alone, and Uber reports approximately 5,000 drivers in Georgia. DDS will establish new performance measures to monitor the impact of this new requirement on agency resources and performance, while continuing to use existing resources to manage license endorsements. As new performance measures for the Regulatory Compliance program, DDS will annually report the number of new endorsement applications that are being processed as a result of HB 225, as well as the average amount of time it takes to process these applications.

OCRA Expansion

The Online Certificate Reporting Application (OCRA) was partially implemented at DDS in January 2012. The application electronically transmits DUI/Risk Reduction and Driver Improvement certificates of completion to the student's driving record. Because this application provides for electronic access to monitoring information, it also allows for a more efficient auditing process at DDS. OCRA also provides more secure certificates of completion, enhances fraud detection, and reduces the need for file storage space in warehouses and file rooms, while also providing the capability of retaining records for a 75-year period. Additionally, OCRA provides real-time access to participation and performance data for these driver training programs. DDS should explore options to expand its use of OCRA to include third party examiners and ignition interlock providers to capitalize on its efficiencies and to benefit from an enhanced level of service and security.

Department of Driver Services
 ZBB Program: Regulatory Compliance

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Provider Certifications	Process certification applications and approve curricula for regulated programs, which include Driver Training, DUI, Driver Improvement, Chauffeur Endorsement, Taxi and Ride-Share Certifications, Ignition Interlock, and Alcohol and Drugs Awareness Program (ADAP).	OCCA 42-8-110; 43-13-1; 40-5-80; 20-2-142; 40-5-39	7.8	\$500,387	\$705,837
Program Integrity	Conducts risk-based auditing of records and investigation of complaints for regulated programs to ensure overall program integrity through annual site inspections, vehicle inspections, and instructor observations.	OCCA 42-8-110; 43-13-1; 40-5-80; 20-2-142; 40-5-39;	6.8	360,985	522,752
Instructor and Provider Training	Conducts training events for certification holders (instructors and providers) to obtain required CEU's (Continuing Education Units). The Division conducts over 75 events throughout the year.	OCCA 42-8-110; 43-13-1; 40-5-80; 20-2-142 40-5-39	0.4	9,888	5,562
Program Manual Publication	Publishes the Alcohol and Drugs Program Manual and Parent Teen Driving Guide in order to educate teen drivers and their parents about traffic laws, safe driving practices, and alcohol and drug awareness.	OCCA 42-8-110; 40-5-80; 43-13-1; 20-2-142; 40-5-39	1.0	29,606	182,144
Total			16.0	\$900,866	\$1,416,295

* (Listed in priority order as determined by Agency)

Department of Driver Services
 ZBB Program: Regulatory Compliance

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget*
Personal Services	\$1,102,903	\$1,115,551	\$1,065,683
Regular Operating Expenses	57,049	181,155	142,177
Motor Vehicle Purchases		18,377	
Equipment		7,456	
Computer Charges	1,686	15,928	3,435
Real Estate Rentals			
Telecommunications	83,068	81,901	85,000
Contractual Services	115,441	246,598	120,000
Other	5,000		
Total Expenditures	\$1,365,146	\$1,666,966	\$1,416,295
Fund Type			
State General Funds	\$846,335	\$876,120	\$900,866
Other Funds	\$497,006	\$761,552	\$515,429
Federal Funds	21,805	29,294	
Total Funds	\$1,365,146	\$1,666,966	\$1,416,295

Positions	15	16	16
Motor Vehicles	8	8	8

* FY 2016 amount shown does not include federal and other funds that have not yet been amended into the agency budget.

Department of Driver Services
 ZBB Program: Regulatory Compliance

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 program is to regulate driver safety and education programs for both novice and problem drivers by approving driver education curricula and auditing third-party driver education providers for compliance with state laws and regulations; and to certify ignition interlock device providers.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Total number of driver safety programs regulated	829	845	815	849
2. Percentage of regulated programs in compliance	85.00%	83.00%	83.30%	85.76%
3. Number of students enrolled in Online Alcohol and Drug Awareness Programs-(EADAP)	8,423	10,764	11,805	13,560
4. Number of drivers seeking chauffeur/for-hire endorsements	1025	1577	2587	1249
5. Average number of days to process endorsement applications	12	11	8	8
6. Number of certification applications for regulated programs	1344	1532	1246	1667
7. Total number of continuing education units awarded	3530	3745	3375	3580



FY 2017 Zero-Based Budget Analysis

Department of Early Care and Learning ZBB Program: Quality Initiatives

Executive Summary

- Support from Georgia's Early Learning Challenge Grant accelerated voluntary participation in the state's Tiered Quality Rating and Improvement System. Currently, 824, or 13 percent of licensed child care providers, have been rated. The department should consider proposing legislation to require child care providers to participate in and be rated by the Quality Rated program.
 - Most states with a tiered quality rating and improvement system have a four- or five-tiered system, while Georgia's Quality Rated system has three tiers. The department should evaluate recalibrating the Quality Rated system to a five-star system to provide enhanced differentiation regarding the level of quality present in child care programs.
 - The Summer Transition Program (STP) for Rising Kindergarteners and Rising Pre-Kindergarteners is funded through two programs at the Department of Early Care and Learning. The department should transfer STP from the Quality Initiatives program to the Pre-Kindergarten Program to streamline STP administration.
 - The agency should partner with the Georgia Student Finance Commission to administer the SCHOLARSHIPS program for early childhood educators.
-

Program Overview

The Quality Initiatives program in the Department of Early Care and Learning (DECAL) implements innovative strategies to improve the quality, accessibility, and affordability of child care to promote child development. The program provides technical assistance, trainings, coaching, resources, and professional learning opportunities for early care and education professionals at no cost to the professionals or child care provider programs. Approximately 59 percent of the total budget consists of direct grants and benefits to organizations such as Child Care Resource and Referral Agencies to support these initiatives. The purpose of this review is to ensure the department is providing beneficial services which improve the quality of child care in Georgia.

In 2007, DECAL commissioned independent researchers from the Frank Porter Graham Child Development Institute at the University of North Carolina at Chapel Hill to study the quality of care across licensed child care programs and Georgia Pre-Kindergarten programs statewide. The report published in 2009 indicated that the overall quality in child care centers in Georgia was medium to low. Infant and toddler care was particularly low, with 67 percent of the classrooms observed scoring in the

low quality range. In preschool classrooms, serving children from two to five years old, 50 percent scored in the medium quality range and 35 percent in the low quality range. The majority (over 80 percent) of the Georgia Pre-K classrooms studied scored in the medium quality range. To address the report's findings, DECAL implemented and enhanced several programs in the Quality Initiatives program.

The 2009 study found that 77 percent of lead teachers and 81 percent of assistant teachers in infant and toddler classrooms and 67 percent of lead teachers and 70 percent of assistant teachers in preschool classrooms, did not have an associate, bachelor's, or graduate degree. DECAL enhanced its emphasis on continuing education and professional development to ensure child care professionals understand appropriate care and expectations for children. To encourage early care and education professionals to pursue relevant higher credentials and degrees, the department implemented the SCHOLARSHIPS and INCENTIVES programs. The SCHOLARSHIPS program provides a \$500 stipend per semester, and for students enrolled in a public college or university, covers 80 percent of tuition and mandatory fees not otherwise provided by Georgia's HOPE Scholarships and Grant programs or the federal PELL grant. Students enrolled in private institutions receive a maximum of \$1,910 per semester toward tuition and fees not covered by HOPE and PELL, and students enrolled in master's degree programs receive \$1,000 per semester. The INCENTIVES program provides a salary bonus ranging from \$250 for an entry-level credential to \$1,250 for advanced degrees.

The department also offers AWARDS for Early Educators, a time-limited program funded by the federal Race to the Top Early Learning Challenge Grant which acknowledges qualified early care and education professionals for increasing their knowledge. Eligible applicants receive a one-time bonus of \$1,000 for attaining a credential or technical certificate, \$1,500 for attaining a technical college diploma or associate of applied science degree, and \$2,500 for attaining a bachelor's or master's degree. Eligible applicants must earn an Early Childhood Education credential or degree between January 1, 2014 and June 30, 2017. These professional development programs are administered through a contract with a nonprofit organization.

Georgia was awarded \$51.7 million over a four year period from the U.S. Department of Education through the Race to the Top Early Learning Challenge (ELC) Grant in December 2013. DECAL serves as the fiscal agent for the grant, of which \$42 million is retained by the agency. The grant supports 12 projects focused on improving services to children from birth to age five. The state is utilizing \$47.9 million in state general funds, lottery funds, and federal funds to support these projects. The majority of the ELC grant (47.7%) is dedicated to expanding the access and availability of quality rated child care. The grant also provides funding to evaluate the impact of quality ratings by reviewing sustained gains made in the kindergarten through third grade system by providing classroom quality observations and child assessments.

The department launched Quality Rated, the state's voluntary tiered Quality Rating and Improvement System, in 2012 to assist families in identifying quality child care and to encourage child care providers to demonstrate that their program meets standards beyond state licensing requirements. There are three steps to becoming a Quality Rated program. Child care providers must first complete an application, then submit a portfolio before being assessed by a Quality Rated Assessor. Rated programs receive one star, two stars, or three stars based on the portfolios submitted by the providers and on-site observations of each classroom.

One star indicates a program meets several quality benchmarks and scores sufficiently on the independent observation. Two stars indicate a program meets many quality benchmarks and scores well on the independent observation. Three stars indicate a program meets numerous quality benchmarks and scores high on the independent observation. Star ratings are awarded for three-year periods. If a program receives no stars, the program can reapply one year after receiving the rating. Quality Rated programs receive a bonus package based on the star rating to incentivize participation. The bonus packages are funded through private donations and are administered by Family Connections, a nonprofit organization.

Through grants administered by DECAL, Child Care Resource and Referral Agencies (CCR&Rs) provide regional support to child care providers. These grants totaling \$8.4 million in FY 2015 are funded through the federal Child Care and Development Fund (CCDF) program. Early care and education specialists and staff at the CCR&Rs conduct trainings on topics such as infectious disease control, injury prevention, recognizing and reporting child abuse and neglect, and introductions to the Georgia Early Learning and Development Standards, the state's development standards for children from birth to age five. The specialists also conduct professional learning sessions on Quality Rated and the Environment Rating Scale used to evaluate program quality. CCR&Rs are granted some ELC funds for additional early care and education specialists to recruit providers to participate in Quality Rated and to assist providers in preparing portfolios for submission to the program. In FY 2015, the CCR&Rs received a total of \$706,379 in ELC funds for these additional specialists.

The federal CCDF also supports the Summer Transition Program (STP) in the Quality Initiatives program. For six weeks during June and July, STP provides 6.5 hours of daily instruction focused on language, literacy, and math to reduce the achievement gap for high needs populations. Since 2010, STP has served low income four-year-olds who are rising kindergarteners needing additional instruction during the summer prior to entering kindergarten. Beginning in 2013, STP has also served low income rising pre-kindergarteners who are Spanish and English dual language learners before entering Georgia's Pre-Kindergarten Program. STP served 1,280 children in 80 Rising Kindergarten classes and 420 children in 30 Rising Pre-Kindergarten classes in FY 2015.

Results and Recommendations

In FY 2016, \$1,440,000 in lottery funds was appropriated to the Pre-Kindergarten Program budget at DECAL to expand the Summer Transition Program to offer 60 additional classes. STP is currently funded in two separate program budgets. The department should transfer \$1,574,283 in federal funds from the Quality Initiatives program to the Pre-Kindergarten Program to consolidate funding for the STP into one administrative program.

In addition to the SCHOLARSHIPS program, early childhood education professionals have access to the HOPE Scholarships and Grant programs funded through the Georgia Student Finance Commission (GSFC). GSFC also administers the Strategic Industries Workforce Development Grant (SIWDG) which covers full tuition and fees for students pursuing certificates and diplomas in Early Childhood Care and Education in addition to other high demand industries. The department should partner with GSFC to administer the SCHOLARSHIPS program to streamline the financial aid process for early childhood education professionals and students.

DECAL has set a goal to have 100 percent of licensed child care providers participating in the Quality Rated program by December 2017. A child care provider is considered to be participating in the Quality Rated program once it has completed an application. Currently, 39 percent of child care providers are participating. While participation in Quality Rated has increased 27 percentage points since FY 2012, only 13 percent of licensed programs have completed the process and been rated. Participation in Quality Rated improves teaching practices and family engagement. The department should propose legislation to require child care providers to participate in and be rated by the Quality Rated program to improve quality in child care settings.

Most states with a Quality Rating and Improvement System have a four- or five-tiered system. A three star rating system does not provide much differentiation in the quality of programs, nor does it allow programs to demonstrate improvement over time. Currently, 28 percent of rated programs received one star, 47 percent received two stars, and 20 percent received three stars. Four percent of rated programs received no stars. DECAL should evaluate recalibrating the Quality Rated system to a five-star system to provide differentiation on the level of quality in a child care program.

In the state's budgeting and financials systems, the Quality Initiatives program's total budget is currently reflected in two unique object classes: Federal Programs and Standards of Care. 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 for personal services, regular operating expenses, equipment, computer charges, real estate rentals, telecommunications, contractual services, and grants and benefits.

The department only provides performance measures related to the Quality Rating and Improvement System and the INCENTIVES program. To reflect the performance of all of the program's key initiatives, the department should provide additional performance measures.

Department of Early Care and Learning
 ZBB Program: Quality Initiatives

Key Activities

Activity*	Description	Authority	No. of Positions ¹	FY 2016 State Funds	FY 2016 Total Budget
Quality Rated	Launched in 2012, the staff administers the state's Tiered Quality Rating and Improvement System to assess, communicate, and improve the level of quality in child care programs. Child care programs are awarded a star rating from one to three stars, based on an observation and a portfolio that demonstrates the program meets standards beyond state licensing requirements. Rated programs are reevaluated every three years.		34.0	\$0	\$13,344,800
System Reform	Serves as the fiscal agent of Georgia's Early Learning Challenge (ELC) Grant, a federal grant totaling \$51.7M funded from January 1, 2014 through December 31, 2017 to support 12 projects across nine state agencies, including the creation of four early education empowerment zones, the expansion of the home visiting program, the expansion of the unified data system, and the strengthening of family engagement. Community coordinators work with local Birth to (age) Eight teams in each of the four empowerment zones housing large populations of children with high needs who are underserved in order to help reduce the achievement gap. Staff also train Family Connection Collaboratives and community partners on family engagement tools and strategies, and award grants to embed family engagement strategies into local plans.		13.3	0	2,722,936
Professional Learning	Supports the Professional Development Registry for Georgia's early childhood education professionals; approves trainers and trainings; provides high quality resources and professional development opportunities for early learning programs in standards, curricula, and child assessment; and provides educational counseling.		3.3	0	1,349,212

Activity*	Description	Authority	No. of Positions ¹	FY 2016 State Funds	FY 2016 Total Budget
SCHOLARSHIPS and INCENTIVES	The SCHOLARSHIPS program provides tuition assistance and a support stipend to approved applicants pursuing credentials or degrees in early childhood education, child development, or child care administration. The INCENTIVES program provides eligible participants with a salary bonus to encourage early care and education professionals to increase their level of education and rewards job stability. The program also administers the Awards for Early Educators, which is a time-limited program through June 30, 2017 to provide eligible applicants a one-time bonus for attaining a higher degree or credential.		2.1	0	4,434,049
Technical Assistance	Targets underserved and vulnerable populations by providing voluntary in field technical assistance, trainings, and coaching through the Georgia's Program for Infant and Toddler Care (GAPITC) to directors and teachers who serve children from birth to three-years-old and the Inclusion Services Program for teachers and administrators to prepare them to meet the diverse needs of children with disabilities in a general education setting.		23.6	0	5,957,557
Child Care Resource and Referral System (CCR&R)	Provides support in six regions across the state for early care and education professionals and families at the local level to increase access to quality early care and learning programs through trainings and technical assistance. CCR&Rs provide technical assistance to child care programs to prepare portfolios for Quality Rated, conduct professional learning opportunities, and refer families and providers to the Statewide Parental Referral System call center for finding quality child care; 877-ALL-GA-KIDS.		1.0	0	8,129,938
Summer Transition Program	Improves school readiness through two low-income eligible programs: The Rising Kindergartener's program which serves four year olds who need additional instruction prior to entering Kindergarten and the Rising Pre-Kindergarten program which serves dual language learners entering Georgia's Pre-K program.		1.1	0	1,574,283
Total			78.4	\$0	\$37,512,775

* (Listed in priority order as determined by Agency)

¹ The number of positions does not include 104.4 contractors employed in the Child Care Resource and Referral Agencies and 8.5 contractors employed in the Statewide Parental Referral System call center.

Department of Early Care and Learning
 ZBB Program: Quality Initiatives

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$2,979,782	\$4,267,487	\$6,595,884
Regular Operating Expenses	1,043,088	843,084	1,536,719
Motor Vehicle Purchases			
Equipment	1,740		
Computer Charges	253,086	351,291	486,171
Real Estate Rentals	82,541	149,144	149,144
Telecommunications	81,684	115,751	108,443
Contractual Services	4,484,717	3,573,555	6,306,792
Grants and Benefits	12,834,757	14,836,702	22,329,624
Total Expenditures	\$21,761,395	\$24,137,013	\$37,512,775
Fund Type			
Federal Funds	\$20,565,196	\$19,770,688	\$23,682,115
Federal Recovery Funds	1,070,500	4,315,475	13,695,660
Other Funds	125,699	50,850	135,000
Total Funds	\$21,761,395	\$24,137,013	\$37,512,775

Positions	40	65	78
Motor Vehicles	0	0	0

Department of Early Care and Learning
 ZBB Program: Quality Initiatives

Performance Measures

Agency Purpose:

The Department of Early Care and Learning oversees a wide range of programs focused on meeting the child care and early education needs of Georgia's children and their families.

Program Purpose:

The purpose of this program is to implement innovative strategies and programs that focus on improving the quality of and access to early education, child care, and nutrition for Georgia's children and families.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of compliant licensed early care and education programs that participate in the Quality Rating and Improvement System	751	1,111	1,295	2,344
2. Percentage of compliant licensed early care and education programs that participate in the Quality Rating and Improvement System	12.00%	17.30%	21.25%	37.78%
3. Percentage of Quality Rating and Improvement System rated early care and education programs in the top two tiers (2- or 3-star rating) (Proposed)	N/A	N/A	N/A	67.50%
4. Percentage of early learning and education programs that have improved their level of quality in the Quality Rating and Improvement System	N/A	N/A	N/A	N/A
5. Percentage of children who receive Childcare and Parent Services (CAPS) eligible subsidies who are served in Quality Rated programs (Proposed)	N/A	N/A	N/A	14.40%
6. Number of unique early learning professionals in the INCENTIVES program	1,508	1,362	1,465	1,654
7. Percentage of INCENTIVES program participants who increased their education level from their initial credential/degree earned	10.20%	10.70%	9.60%	16.44%
8. Number of unique early learning professionals in the SCHOLARSHIPS program (Proposed)	N/A	N/A	N/A	1,386
9. Number of submitted Quality Rated portfolios supported by the Child Care Resource and Referral System for participation in the Quality Rating and Improvement System (Proposed)	N/A	N/A	N/A	1,325
10. Number of referrals offered by the Statewide Parental Referral System (Proposed)	N/A	N/A	N/A	27,575
11. Number of children served in the Rising Pre-Kindergarten and Rising Kindergarten Summer Transition Programs (Proposed)	N/A	2,060	1,169	1,583



FY 2017 Zero-Based Budget Analysis

Department of Economic Development
ZBB Program: Departmental Administration

Executive Summary

- Historically, surplus funds available at the end of the fiscal year are moved from the personal services object class to the marketing object class.
 - At the beginning of each fiscal year, the department should collaborate with OPB to ensure that the budget accurately aligns with projected expenditures by object class.
-

Program Overview

The Departmental Administration program is the centralized support network for the operations of the Department of Economic Development (DEcD). Program activities include executive leadership, financial services, human resources, information technology, and marketing and communication. The purpose of this review is to ensure that the program is functioning efficiently and effectively.

Results and Recommendations

Currently the Departmental Administration program has 31 positions, with the largest proportion of those employees (32%) working in the financial services and marketing and communications activities, respectively. The program is 100 percent state funded, and the program budget represents 4.27 percent of the overall agency budget. The majority of the program budget (75%) funds personal services.

DEcD administers programs that promote the development of tourism and business in the state. DEcD's marketing function serves two primary roles: to provide information to businesses, citizens, non-profits, and local governments about tax credits and other economic growth opportunities, and to generate media relations and news releases pertaining to the department.

Historically, DEcD waits until the end of the fiscal year to redistribute funds into the marketing object class. At this point, the agency can determine if it will have surplus funds in other object classes. Generally, these surplus funds come from personal services. DEcD closes each fiscal year this way to ensure that other object classes are adequately funded before funding marketing. The agency follows this budgetary approach to operate in a fiscally conservative manner while serving its mission of promoting the state's economic development opportunities. However, this approach does not necessarily accurately represent projected yearly expenditures by object class. The agency should work with OPB at the beginning of each fiscal year to accurately align the budget with projected object class expenditures.

Department of Economic Development
 ZBB Program: Departmental Administration

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Financial Services	Includes accounting, budgeting, fiscal management, and payroll. Responsible for the agency's budget development, reporting and monitoring and accounting services such as collections, accounts payable, and financial reporting to ensure that federal and state requirements are met.	OCGA 50-7-1 et seq.	10	\$1,433,166	\$1,433,166
Information Technology	Provides operational support and technical assistance for the acquisition and operation of hardware/software used in agency wide operations. Specific activities include network security, system planning and design, issue resolution, access control, and software support.	OCGA 50-7-1 et seq.	3	447,864	447,864
Marketing and Communications	Provides information to businesses, citizens, non-profits and local governments about tax credits and economic development. Handles media relations and news releases pertaining to the Department.	OCGA 50-7-1 et seq.	10	1,433,165	1,433,165
Human Resources	Administers all system-wide employee benefit programs and internal human resource activities including the recruitment of potential employees.	OCGA 50-7-1 et seq.	3	447,864	447,864
Commissioner's Office	Provides executive direction, guidance, and oversight for all agency activities and operations.	OCGA 50-7-1 et seq.	5	716,583	716,583
Total			31	\$4,478,642	\$4,478,642

* (Listed in priority order as determined by Agency)

Department of Economic Development
 ZBB Program: Departmental Administration

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$2,892,796	\$3,020,584	\$3,370,089
Regular Operating Expenses	220,862	302,861	284,996
Motor Vehicle Purchases			
Equipment	5,990		15,597
Computer Charges	380,996	379,231	394,646
Real Estate Rentals	302,000	385,852	220,000
Telecommunications	80,591	80,584	80,591
Contractual Services	9,999	9,999	10,000
Marketing	158,486	96,853	102,723
Total Expenditures	\$4,051,720	\$4,275,965	\$4,478,642
Fund Type			
State General Funds	\$4,051,720	\$4,275,965	\$4,478,642
Total Funds	\$4,051,720	\$4,275,965	\$4,478,642
Positions	25	26	31
Motor Vehicles	2	2	2

Department of Economic Development
 ZBB Program: Departmental Administration

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 influence, affect, and enhance economic development in Georgia and provide information to people and companies to promote the state.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of payments processed	4,619	4,654	4,681	4,437
2. Percentage of payments processed electronically	51%	58%	59%	67%
3. Average number of days to process payments	4	4	4	4
4. Number of audit findings	1	0	0	N/A
5. Agency turnover rate	18%	18%	14%	11%



FY 2017 Zero-Based Budget Analysis

Department of Education

ZBB Program: State Charter School
Commission Administration

Executive Summary

- Five new charter schools began operating during the 2015-2016 school year bringing the total number of state charter schools to 20.
 - The State Charter School Commission (SCSC) is funded through an administrative withholding amount of up to three percent of the funds allocated to each state charter school. For FY 2015, the SCSC voted to return any remaining funds to schools after payment of the SCSC's expenses. For FY 2016, the commission voted to reduce the administrative withholding from three percent to two percent for existing schools and to one percent for new schools in their first year of operation. The SCSC should evaluate the administrative withholding policy to determine if the amount withheld should be further decreased based on SCSC expenditures and funds granted back to state charter schools.
 - The SCSC should continue its work developing and formalizing the policies, protocols, and frameworks necessary to comprehensively and consistently evaluate state charter schools.
 - The SCSC should continue to create formal systems, processes, and tools for monitoring and evaluation, intervention, revocation, and renewal of state charter schools.
 - The SCSC should continue to review its training of petitioners and provide more information to potential state charter school applicants regarding successful state charter school models that offer improved education opportunities to students.
 - The SCSC should provide meaningful and easily accessible information for parents about state charter schools.
-

Program Overview

The State Charter School Commission of Georgia (SCSC) serves as the primary authorizer for state charter schools and as an alternate authorizer when charter applicants are denied approval by a local school district, thereby providing public educational opportunities throughout the state. The SCSC operates autonomously but is administratively attached to the Georgia Department of Education (DOE). Each school authorized by the SCSC is an independent local education agency (LEA). For the 2014-2015

school year, the SCSC had oversight of 15 state charter schools with a total of 26,062 students. Three of the state charter schools provide virtual instruction; the largest of which is Georgia Cyber Academy with 13,731 students. The SCSC annually reviews the academic and financial performance of state charter schools. It also develops and promotes best practices to ensure the establishment of high-quality charter schools in Georgia. The purpose of this review is to ensure that the SCSC is efficiently focusing on the development, approval, and support of high quality state charter schools to meet the growing and diverse needs of students in Georgia.

The mission of the SCSC is to improve public education throughout the state by doing the following:

- Authorizing schools that provide students with better educational opportunities than they would otherwise receive in the traditional schools for which they are zoned;
- Maintaining transparency by publishing academic, organizational, and fiscal accountability data for all state charter schools; and
- Disseminating research and guidance to all stakeholders on best practices in charter schooling.

Types of charter school authorizers vary across states and can be created entities such as the SCSC, institutes of higher education, municipalities, or local boards of education. The majority of authorizers across the U.S. are K – 12 school systems. Charter schools enter into a detailed agreement (a charter) with an authorizer that specifies expectations for performance. The authorizer then monitors the schools' performance with the details in the charters to ensure the schools meet those requirements. Authorizers agree to entrust a charter school's governing board with public dollars and public school students, and to give it broad autonomy over how it achieves agreed upon goals. In return, the school's board commits to achieving specified results, managing public funds responsibly, complying with legal obligations, and providing a quality education to its students. This includes not only holding schools accountable for the academic performance of all of their students, but also holding schools accountable for financial and organizational performance.

The current SCSC was created through enabling legislation (HR 1162 and HB 797) passed by the Georgia General Assembly during the 2011-2012 session. HR 1162 was approved as a constitutional amendment by the electorate with 64 percent of the vote. Prior laws related to state authorized charter schools were declared unconstitutional by the Georgia Supreme Court in 2011. Of the 15 original charter schools authorized by its predecessor, 13 are currently still in operation under the authority of the SCSC. At the end of the 2013-2014 school year, the SCSC closed one charter school due to poor academic performance (Scholars Academy in Atlanta) and another (Heritage Academy, also in Atlanta) for poor financial performance.

The SCSC has seven appointed members that serve two year terms. Three appointees are recommended by the Governor, two by the President of the Senate, and two by the Speaker of the House (OCGA 20-2-282 (b)). It employs six full-time staff members including an executive director and also uses student interns, the number of which varies during the fiscal year.

The SCSC monitors its existing schools to ensure that the schools maintain their academic, fiscal, and organizational viability. Each year the SCSC collects and analyzes academic, financial, and organizational data in order to gauge overall charter school performance. The data is published in the form of school

profiles on the SCSC's website each year. These profiles cover standardized test performance and student growth, financial audit results, and evidence of governance capacity.

The SCSC conducts webinars with schools to review student achievement results each year prior to the public release of the accountability update. The commission also sends each school its school level data prior to the public release of the value-add report. A value-added method adjusts for the observable characteristics of students so that schools can be equitably compared regardless of their differing student populations.

In addition, the Governor's Office of Student Achievement (GOSA) is available throughout the year to meet with schools individually to review results, if needed. The SCSC discusses the value-add results at annual governance trainings for state charter governing boards. These trainings are required, and all schools must attend.

The SCSC is funded through an administrative withholding amount of up to three percent from the funds allocated to each state charter school. In FY 2013, the SCSC began operations with an operating budget of \$130,000 in state funds for startup costs. In FY 2014, its first full year of operations, expenditures totaled \$2,511,277. With the completion of a second full year of operation, the SCSC implemented financial and administrative training, strategic planning assistance, and other tools for state charter schools. The SCSC received authority during the 2015 legislative session to establish a 501(c)(3) for fundraising purposes. The commission is now focusing on setting up the foundation and drafting an outreach plan to communicate with foundations and private industry about ways they can support state charter schools.

To further efforts to monitor and evaluate the financial performance of state charter schools, the SCSC currently covers the cost of annual financial audits for any state charter school choosing to use one of two approved auditors. Prior issues with the quality and reliability of annual financial audits submitted by state charter schools prompted the SCSC to begin this practice. For FY 2014, nine of the 15 state charter schools chose to use an SCSC approved auditor. For the FY 2015 audit, 14 of the 15 state charter schools chose this option.

The SCSC also began to provide funding in FY 2015 for state charter schools to voluntarily engage in strategic planning with the Carl Vinson Institute of Government (CVIOG) at the University of Georgia. Ten schools requested to receive the CVIOG strategic planning assistance, and the SCSC anticipates more schools will sign up for this opportunity.

Annually, the SCSC conducts petition reviews for new state charter school applicants. Petition reviews ensure that high quality state charter schools with the potential for strong performance are approved and authorized each year. State charter school applicants are also interviewed by panels comprised of state-level education stakeholders, as well as individuals with charter school expertise. The purpose of the interview is to evaluate the capacity of the school's founding board to implement a quality academic plan as well as to provide an opportunity for petitioners to submit supplemental information prior to the SCSC's approval decisions, which are based in part on the interview panel's feedback and questions.

A charter school petitioning for authorization by the SCSC must:

- Have a statewide attendance zone; or
- Have a defined attendance zone and demonstrate that the charter school has special characteristics, such as a special population, a special curriculum, or some other feature or features which enhance educational opportunities.

A proposed state charter school with a statewide attendance zone must submit the petition to the local board of education in which the school is proposed to be located at the same time the state charter school submits the petition to the SCSC. The submission of the charter petition to the local board of education is for informational purposes only. A charter school that has a statewide attendance zone does not have to be denied by a local board of education prior to authorization by the SCSC. A proposed state charter school with a statewide attendance zone that only provides virtual instruction does not submit a charter petition to a local board of education when petitioning for authorization by the SCSC. A proposed state charter school with a defined attendance zone must submit its petition to the local board of education in which the school is to be located and to each local school system from which the proposed school plans to enroll students.

For the 2016-2017 school year, 12 of the 15 (80%) state charter school petitions received by the May 15, 2015 deadline were invited for interviews conducted by the SCSC in July. Due to the training the SCSC conducted with potential petitioners, the SCSC indicated that the quality of applications received did improve. The improvement was more noticeable in petitions from groups that attended the SCSC petitioner trainings, also known as "Petitioner Boot Camps." Potential charter school applicants who participated had a better understanding of the SCSC's expectations and of charter school operations and capacity.

In order to gauge the capacity and independence of each school's proposed governing board, the SCSC requires all petitioning schools to participate in in-person interviews during which applicants have the opportunity to discuss the substance of their proposed plans and respond to questions posed by a panel comprised of SCSC staff as well as individuals with charter school expertise. All twelve of the state charter school petitioners invited for interviews met with the SCSC's panel.

After the completion of all interviews, the SCSC notifies state school charter school applicants by letter as to whether the school will be recommended for approval or denial by the SCSC to the commissioners. An applicant who will be recommended for denial is given the opportunity to withdraw its petition. Five of the state charter school applicants chose to withdraw their petitions for the 2016-2017 school year after receiving notification from the SCSC that the schools would be recommended for denial. At the August 2015 meeting, the commissioners of the SCSC took action on six of the remaining schools, resulting in three approvals and three denials. The commissioners took no action on one school because the local school board's decision regarding the charter school's application was still pending.

Most of the state charter schools in Georgia have five-year contract terms that will expire at the conclusion of the 2017-2018 school year. The schools will go through a renewal process in late fall 2017/early winter 2018, and the SCSC will make renewal decisions in March 2019. Thus far, the only

state charter school considered for renewal was Scholars Academy, which the commission denied, and the school closed due to poor academic performance during the 2013-2014 school year.

Since 2012, the state has used the College and Career Readiness Performance Index (CCRPI) as one measure of academic performance. Each school receives an overall score on a 110 point scale based on a school's performance in three major categories: 1) academic achievement, 2) student growth and progress, and 3) achievement gap reduction. The CCRPI is also used to evaluate state charter schools.

In addition to evaluating CCRPI performance, the SCSC assesses state charter schools based on the schools' ability to positively impact the unique student populations served. To accomplish this, the SCSC annually contracts with GOSA to conduct a value-add analysis (VAA) of state charter school performance. The SCSC employs a value-added approach to account for the impact of students' demographic, academic, and socio-economic backgrounds on their current achievement levels. Value-added models are also used by Arizona, Florida, North Carolina, and Texas in addition to the states' own academic accountability frameworks. The value-added measures used by states vary, but they do have common attributes, such as consideration for percentage of English language learners, number of students in special education, or the prevalence of poverty within a charter school.

Results and Recommendations

Due to the trainings conducted by the SCSC with potential petitioners, the quality of applications received improved. While the SCSC received improved applications for the 2016-2017 school year, the commission should continue to review petitioner trainings. Five of the 12 state charter school applicants interviewed decided to withdraw their petitions and three received a denial from the commissioners of the SCSC. The SCSC could provide more information to potential state charter school applicants regarding successful state charter school models that offer improved education opportunities for students and have sound organizational and financial performance. As the SCSC matures as an organization and additional state charter schools continue to operate, there will be more models of high quality state charter schools and improved training opportunities available to new applicants interested in starting a state charter school.

The SCSC should gather information regarding the following:

- Number of training activities conducted with potential charter schools
- Feedback from participants on how informative and effective participants believed the training was in helping them prepare an SCSC charter school application
- Number of applications received each fiscal year by the SCSC
- Number of new charter schools authorized by the SCSC each fiscal year

The data collected should be used by the SCSC to evaluate the effectiveness of the training offered and make changes where needed.

As a charter school authorizer, the SCSC holds the state charter schools authorized by the commission accountable for performance. In 2014, the SCSC asked the National Association of Charter School Authorizers (NACSA) to review its petition evaluation process, authorizing practices, and operations. The NACSA praised the SCSC stating that the commission made significant progress in establishing and implementing quality authorizing practices. The SCSC is working on implementing the recommendations

generated by the NACSA's report. The main recommendation that emerged from the evaluation was to develop and adopt a comprehensive performance framework. The SCSC should continue to develop and formalize the policies, protocols, and frameworks necessary to comprehensively and consistently evaluate state charter schools. The commission should continue to create formal systems, processes, and tools for ongoing monitoring and evaluation, intervention, revocation, and renewal.

In May 2015, the SCSC held a governance and policy retreat during which action steps with deadlines were put into place to implement the NACSA recommendations. SCSC's adoption of the action steps will be completed by September 2015 for utilization during the 2015-2016 school year. The SCSC should gather information regarding the number of training activities conducted with existing state charter schools. The SCSC should also continue to collect data on the number of state charter schools closed due to poor academic and/or financial performance to determine if state charter school applicants that participate in the SCSC training are less likely to close.

The SCSC is authorized to receive an administrative withholding amount of up to three percent of the funds allocated to each state charter school (OCGA 20-2-2089 (b)). State commission charter schools receive no local funds from a school district. The SCSC has never withheld the full three percent from schools. In FY 2014, the SCSC withheld two percent and granted back to schools \$1,161,903 to use for school level operations.

For FY 2015, the SCSC voted to return remaining funds to schools after payment of the SCSC's expenses. At the completion of FY 2015, the SCSC granted \$1,714,643 in funds to schools. For FY 2016, commission members voted to reduce the agency's administrative withholding amount from three percent to two percent for existing schools and to one percent for new schools in the first year of operation. The SCSC should evaluate the administrative withholding policy to determine if the percentage withheld should be further decreased based on SCSC expenditures and funds granted back to state charter schools.

At the start of operations in FY 2013, the SCSC was unable to access aggregate school-level data for the state charter schools using the Department of Education's data systems. Although access to data has improved, it is not at the level needed for active monitoring. Currently, one staff member has access to school data reported through the full-time enrollment (FTE) and certified personnel information (CPI) databases. DOE should grant aggregate school-level data access to additional staff at the SCSC. The data access would allow the SCSC to look at historical data, identify trends, and pinpoint ongoing issues within a school over multiple school years. In addition, access to student record information and financial data would assist the SCSC in efforts to develop a strong monitoring system for state charter schools.

The SCSC is mandated to provide information regarding state charter schools to parents. O.C.G.A. 20-2-286 requires the SCSC to provide parents with, at a minimum, data on accountability standards for state charter schools, as well as links to state charter schools that allow parents to make informed decisions regarding public education options available for children. Currently, most of the information provided by the SCSC is directed toward existing state charter schools and potential applicants.

The SCSC should develop meaningful and easily accessible information for parents about state charter schools. For example, the SCSC could provide the following:

- A caption on the website indicating distinct information targeted toward parents
- Separate links to existing state charter schools
- A definition for parents of what constitutes a state charter school and why a state charter school is a public school education option for students
- Summarized and simplified accountability information so that parents can review a state charter school and determine if the school would be a good fit for a student

The SCSC should get feedback from existing state charter schools on the quality of support provided by the commission. For example, the SCSC could ask charter schools what types of assistance the schools would find most helpful. The SCSC could use this data to create additional training opportunities for charter schools.

Because the SCSC is still a relatively new program, the performance measures should be reviewed annually to ensure that the data collected provides meaningful information regarding its operations and results.

Department of Education
ZBB Program: State Charter School Commission Administration

Key Activities

Activity*	Description	Authority	No. of Positions ¹	FY 2016 State Funds	FY 2016 Total Budget
Authorization of Charter Schools	Reviews, approves, renews, or denies petitions for state charter schools. The SCSC also has the authority to terminate existing state charter school contracts.	OCGA 20-2-2083	1.2	\$0	\$438,271
Research on Best Practices and Georgia State Charter School Performance	The SCSC shares research-based best practices with potential state charter school applicants and existing schools. Staff prepare an annual report on the academic performance and fiscal activities of state charter schools approved by the SCSC and submits the report to the State Board of Education (SBOE).	OCGA 20-2-2083 (b)(2) OCGA 20-2-2087	0.8	0	346,785
Monitoring of State Charter Schools	The SCSC monitors state charter schools for academic, fiscal, and operational activities.	OCGA 20-2-2083 (b)(4)	1.7	0	240,515
Information for Parents and Other Stakeholders and Collaboration with Other State Agencies	The SCSC provides information to parents and other stakeholders such as the Governor and legislators. The commission also collaborates with DOE and GOSA to adopt rules and regulations and to measure student achievement and other performance measures within state charter schools.	OCGA 20-2-2086 OCGA 20-2-2090 OCGA 20-2-2091	0.8	0	183,505
Financial Audits and Strategic Planning for State Charter Schools	Financial audits are provided to state charter schools without charge using contracts with two independent auditors. State charter schools are not required to use the auditors provided by the SCSC. The commission also offers strategic planning through the Carl Vinson Institute at the University of Georgia.		0.8	0	344,500
Training and Supports to New and Existing State Charter Schools	The SCSC developed a needs-based training agenda to support the governing boards and staffs of existing state charter schools in their efforts to improve performance. In addition, the commission provides training and assistance to applicants to enable potential state charter schools to submit well developed petitions for review.		0.8	0	209,025
Grants to State Charter Schools	The commission withholds 2% of state funding for existing state charter schools and 1% for new state charter schools for administrative expenses. The SCSC returns any remaining funds to the state charter schools in the form of grants.				1,466,791
Total			6.0	\$0	\$3,229,392

* (Listed in priority order as determined by Agency)

¹ The SCSC commission members and student interns also contribute to some of the activities listed above.

Department of Education
 ZBB Program: State Charter School Commission Administration

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$661,213	\$795,845	\$847,511
Regular Operating Expenses	114,823	56,138	50,033
Motor Vehicle Purchases			
Equipment	5,404		
Computer Charges	3,044	7,639	5,787
Real Estate Rentals	40,972	60,772	53,472
Telecommunications	18,325	25,687	28,249
Contractual Services	502,014	546,644	777,550
Grants and Benefits	1,165,482	1,714,643	1,466,790
Total Expenditures	\$2,511,277	\$3,207,368	\$3,229,392
Fund Type			
Other Funds	\$2,511,277	\$3,207,368	\$3,229,392
Total Funds	\$2,511,277	\$3,207,368	\$3,229,392
Positions	5	6	6
Motor Vehicles	0	0	0

Department of Education
 ZBB Program: State Charter School Commission Administration

Performance Measures

Agency Purpose:

The Department of Education disburses state education funds, provides technical assistance and support services to local school systems, operates three schools for hearing and visually impaired students, and provides intensive assistance to local schools identified as needing improvement.

Program Purpose:

The purpose of this program is to focus on the development and support of state charter schools in order to better meet the growing and diverse needs of students in this state and to further ensure that state charter schools of the highest academic quality are approved and supported throughout the state in an efficient manner.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of operational state charter schools in Georgia (Proposed)	N/A	15	15	15
2. Number of applications received (Proposed)	N/A	16	20	15
3. Number of new charter schools authorized (Proposed)	N/A	0	2	7
4. Number of state charter schools closed by the SCSC due to poor academic and/or financial performance (Proposed)	N/A	0	2	0
5. Number of training activities conducted with existing charter schools (Proposed)	N/A	0	8	18
6. Number of training activities conducted with potential charter schools (Proposed)	N/A	0	1	2
7. Number of charter schools outperforming comparison school districts based on CCRPI and Value-added impact scores (Proposed)	N/A	5	5	N/A



FY 2017 Zero-Based Budget Analysis

Georgia Forestry Commission

ZBB Program: Tree Seedling Nursery

Executive Summary

- The commission should encourage partnerships between the Tree Seedling Nursery program and related state forestry education programs within the University System of Georgia.
 - The commission should examine the pricing structure of tree seedlings and consider increasing production of improved and/or containerized seedlings.
-

Program Overview

The Tree Seedling Nursery program of the Georgia Forestry Commission (GFC) produces, sells, and distributes tree seeds and seedlings. This program serves between two thousand and four thousand customers and reforests between 20,000 and 30,000 acres annually. The Flint River Nursery and the Arrowhead Seed Orchard serve as two of the program's main locations.

The Flint River Nursery produces and sells forest tree seedlings. The nursery typically grows, lifts, and packs between 12 million and 15 million seedlings per year. The nursery is located on the Flint River Reforestation Complex and has 210 acres of irrigated land on which to grow seedlings.

The Arrowhead Seed Orchard in Cochran is the site for seed collection, as well as the location for the tree improvement program. Program staff collect and process over seven tons of seeds per year. After being processed, the seeds are placed in cold storage at GFC's headquarters near Macon, Georgia. They are then sold to private nurseries or shipped to the program's Flint River Nursery to be planted. The tree improvement program produces unique varieties of loblolly and slash pine trees, which are designed to thrive in Georgia's environment. In this effort, the program works with both the North Carolina State Cooperative Tree Improvement Program and the Cooperative Forest Genetics Research Program of the University of Florida.

The purpose of this review is to evaluate the effectiveness and sustainability of the program and its potential partnerships.

Results and Recommendations

Cooperation with the Board of Regents of the University System of Georgia

The GFC Tree Seedling Nursery program has little interaction with the University System of Georgia's Forestry Research and Forestry Cooperative Extension or with the Warnell School of Forestry and Natural Resources at the University of Georgia (UGA). However, the GFC's Forest Management program collaborates with UGA on numerous research projects and student learning opportunities. Future cooperation between the Tree Seedling Nursery program and UGA could include shared research data, on-site learning for students, or student employment opportunities. The commission should encourage partnerships between the Tree Seedling Nursery program and related state forestry education programs within the University System of Georgia.

Program Sustainability

The program is dependent on the revenue generated by the seed orchard and the nursery. At this time, the prices set for the program's pine and hardwood seedlings are less than the prices of similar tree varieties in neighboring states. In addition, some varieties of improved loblolly and slash pines sell out quickly. The commission should perform a cost-benefit analysis to develop a balanced pricing and production structure to cover the cost of administering the program.

Many states' nurseries have begun to produce containerized seedlings, which have a higher price point than bare-root seedlings. The Tree Seedling Nursery program has already begun to produce small numbers of containerized seedlings. The commission should analyze the cost effectiveness of containerized seedlings in order to determine whether or not they are sustainable.

Georgia Forestry Commission
 ZBB Program: Tree Seedling Nursery

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Tree Improvement	Carries out breeding, testing, and selection of loblolly and slash pines; creates new subspecies of trees for mass production and sale to Georgia timber farmers.	OCGA 12-6-6	2.35		\$330,764
Seed Orchard	Collects, processes, and stores or sells seeds; supports the Nurseries by providing seeds to be planted; provides private nurseries with access to genetically improved seeds.	OCGA 12-6-6	3.00		82,175
Nurseries	Plants and grows high quality forest tree seedlings for sale; packs, and distributes seedlings.	OCGA 12-6-6	2.35		718,493
Administration	Provides administrative support to program staff; processes sales of tree seedlings and seeds through online and paper orders; handles finance and accounting for the program; recruits and hires new employees; processes payroll transactions; manages marketing; maintains seedling online store.	OCGA 12-6-6	1.30		75,648
Total			9.00	\$0	\$1,207,080

* (Listed in priority order as determined by Agency)

Georgia Forestry Commission
 ZBB Program: Tree Seedling Nursery

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$691,765	\$714,663	\$709,924
Regular Operating Expenses	380,289	392,503	365,232
Motor Vehicle Purchases			
Equipment	39,900		
Computer Charges	99	1,495	6,924
Real Estate Rentals			
Telecommunications	11,502	13,876	20,000
Contractual Services	103,467	79,789	105,000
Total Expenditures	\$1,227,022	\$1,202,326	\$1,207,080
Fund Type			
Other Funds	\$971,682	\$1,170,531	\$1,073,363
Federal Funds	255,340	31,795	133,717
Total Funds	\$1,227,022	\$1,202,326	\$1,207,080
Positions	9	9	9
Motor Vehicles	12	12	12

Georgia Forestry Commission
 ZBB Program: Tree Seedling Nursery

Performance Measures

Agency Purpose:

The Georgia Forestry Commission provides leadership, service, and education in the protection and conservation of Georgia's forest resources through fire detection, burn permitting, wildfire suppression and prevention, emergency and incident command, rural fire department assistance, forest management assistance, marketing and utilization of forest resources, and tree seedlings and planting services to landowners.

Program Purpose:

The purpose of this program is to produce high-quality tree seeds and seedlings to sell to Georgia landowners at reasonable prices.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of seedlings sold	10,477,739	12,263,219	9,388,192	11,829,958
2. Number of orders filled	4,659	4,460	3,444	3,306
3. Number of customers served	2,358	2,184	1,726	1,727
4. Percentage of seedlings sold as compared to total seedlings grown and available in inventory for sale	70.9%	90.8%	71.9%	91.8%
5. Revenue generated through seedlings sales, seed sales, and timber sales	\$1,153,043	\$1,099,659	\$934,998	\$1,210,459



FY 2017 Zero-Based Budget Analysis

Department of Human Services

ZBB Program: Community Services

Executive Summary

- The Community Services program, a federally funded program administered by the Division of Family and Children Services, addresses the causes of poverty and the living conditions of low-income individuals and families within local communities.
 - The Community Services program stipulates in its contracts with Community Action Agencies (CAAs) how many dollars can be spent on administrative functions for each service. In future contracts with CAAs and county boards of commissioners (CBCs), administrative costs could be broken down further to isolate specific administrative costs.
 - The Community Services program complies with the federally required five-percent administrative cap on Community Services Block Grant (CSBG) funds. However, some contracted services provided by the CAAs and CBCs have administrative costs of more than 10 percent. The Community Services program should ensure that the maximum amount of funding possible is spent on direct services.
 - The Community Services Block Grant federally requires every CAA and CBC receiving federal funds to perform an assessment of community needs every three years. The Community Services program should consider working more closely and more often with CAA and CBC agencies to ensure that each entity is using appropriate techniques to properly identify their community's needs. This support would further ensure that the services of CAA and CBC entities are helping fulfill their community needs and that desired outcomes are being met.
 - Contract provisions could be added with each service provider to expand upon their required referral services to link low-income individuals to other support services. The Community Services program should consider requiring CAAs and CBCs to collect performance measurements on how many individuals were successfully referred for services through the local DFCS office.
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Program Overview

The Community Services program in the Department of Human Services addresses the causes and conditions of poverty for low-income individuals and families within local communities. The program provides services to help address unemployment, increase self-sufficiency, improve living conditions, and provide emergency assistance for individuals and families whose income is at or below 125 percent of the federal poverty level. The program is federally funded by the Community Services Block Grant (CSBG).

The Division of Family and Children Services (DFCS) administers the Community Services program through contracted services with Community Action Agencies (CAAs) and county boards of commissioners (CBCs). CAAs are private and public nonprofit organizations established during the 1960s under the Economic Opportunity Act of 1964. Currently, there are twenty CAAs and four CBCs receiving CSBG funds in Georgia. DFCS allocates 90 percent of the CSBG funding to the contracted entities, retaining five percent for administration and five percent for discretionary funding, such as health initiatives and disaster assistance. The contracted funds are allocated proportionately to each entity using a formula based upon the share of Georgia's poverty population living in each agency's service area. In FY 2013, the Community Services program served 346,666 low-income individuals.

The Division of Family and Children Services (DFCS) administers the Community Services program. Nine full-time equivalent (FTEs) positions are funded through the Community Services Block Grant (CSBG) and Low Income Home Energy Assistance Program (LIHEAP), but most program activities are performed by contractors. The positions are located in the Departmental Administration program, but payments related to the positions are based on the time each employee spends administering each program. Every CAA and CBC that receives federal funds must perform a community-needs assessment once every three years, as is federally mandated by the Community Services Block Grant. This comprehensive needs evaluation is used to determine the specific needs of the local low-income communities by identifying service gaps. All services and programs that are funded through CAAs and CBCs with the Community Services Block Grant must address the needs of the low-income community as defined by this needs assessment. Because of this requirement, all CSBG services for low-income Georgia families in all 159 counties are dependent on the outcomes of these results over the next three years.

To ensure that all Community Services Block Grant funds are being spent on a community's needs as defined by the needs-assessment test, all CAAs and CBCs must provide a program plan to DFCS each year. This plan outlines how the services being provided by the CAA or CBC will address the findings of the needs assessment for each served area. In addition to addressing community issues noted in the needs assessment, each service offered must address at least one of the six national Results Oriented Management and Accountability (ROMA) goals. These six goals to combat poverty are the following:

- Help low-income people become more self-sufficient
- Improve the conditions in which low-income people live
- Help low-income people own a stake in their community
- Ensure partnerships among supporters and providers of services to low-income people are achieved
- Help agencies increase their capacity to achieve results

- Help low-income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive systems

ROMA is a federal performance-based initiative designed to keep the focus of communities on combating poverty through the state and local agencies receiving CSBG funds. Once funding is made available to the entities, all applicants must apply through the CAAs or CBCs to receive services.

The purpose of this review is to assess the cost to provide services and the outcomes achieved in order to determine the efficiency and effectiveness of the program and its activities.

Results and Recommendations

Improve the Contract Management Process

The Community Services program stipulates in its contracts with the Community Action Agencies (CAAs) how many dollars per specific service can be spent on administrative functions. However, associated administrative costs are not broken down by line-item and instead are left to the discretion of the CAAs. In future contracts with CAAs and CBCs, administrative costs could be broken down further within each contract to isolate any expected administrative costs.

The Community Services program complies with the federally required five-percent administrative cap on Community Services Block Grant (CSBG) funds. However, some contracted services provided by the CAAs and CBCs have administrative costs higher than 10 percent. The Community Services program should ensure that the maximum amount of funding possible is spent on direct services, as opposed to administrative costs.

Currently, when it comes to the federally required needs-assessment tests, the Community Services program only monitors CAAs and CBCs to ensure that they produce their annual service plan and perform their federally required needs assessments every three years. The Community Services program should consider working more closely and more often with CAA and CBC agencies during this process to ensure that each entity is using appropriate techniques that would allow them to properly identify the needs of the low-income communities. This action would further ensure that the CAA and CBC entities are performing services that help fulfill their community needs, while also promoting desired poverty-reducing outcomes.

Increase Linkage Services to Limit Possible Overlap in Services

Since the purpose of the Community Services Block Grant is to alleviate poverty, many of the programs offered by Community Action Agencies and county boards of commissioners are similar to other services provided by the Division of Family and Children Services (DFCS). Because of this fact, CSBG funds need to be used to fill in the “service gaps” for working low-income individuals, and not used to overlap with other DFCS support services.

For instance, providing emergency food assistance on a weekend to low-income families would be filling a “service gap;” it allows families to meet an immediate need that they may otherwise not have been able to fulfill. However, the CAA or CBC should then direct those families who receive any CSBG food assistance to their local DFCS office to apply for more long-term food support through the Supplemental

Nutrition Assistance Program (SNAP). In this way, the family would not have to come back to the CAA or CBC for this service.

Without DFCS ensuring that the CAAs and CBCs are referring those who qualify to other assistance programs, the CAAs and CBCs could be performing service overlap instead of addressing the “service gaps.” With CAAs and CBCs addressing the services gaps, CSBG funds would supplement and enhance available support to low-income individuals in their community.

DFCS should consider adding contract provisions for each service provider that expand upon the CAA’s or CBC’s required referral and linkage services. CAAs and CBCs could collect performance measurements on how many individuals were successfully referred for services through their local DFCS office. By requiring the CAAs and CBCs to ensure that they are successfully referring those who qualify for other assistance programs, local communities could more efficiently serve a larger number of low-income individuals.

Department of Human Services
 ZBB Program: Community Services

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget	
Self Sufficiency Assistance	Provides long term supports and/or short term temporary assistance that promotes progress toward self-sufficiency such as case management plans, employment supports, cash assistance, linkages, health services, housing, and income management.	42 U.S.C 9901 et seq. Title II, Sub-Title B		\$0	\$5,934,846	
Employment	Provides services to assist with securing and maintaining employment. Services include job counseling, skill assessments, job placement, resume preparation, GED Classes, subsidized childcare and the distribution of transportation vouchers.	43 U.S.C 9901 et seq. Title II, Sub-Title B		0	1,791,624	
Emergency Services	Provides emergency assistance that helps low income people strengthen their families and support their home environment. Emergency assistance may include emergency food, nutrition assistance, emergency rent/mortgagee, emergency temporary shelter, medical care, protection from violence, and transportation.	44 U.S.C 9901 et seq. Title II, Sub-Title B		0	7,244,406	
Education	Assists in the attainment of an adequate education; focusing particularly on improving literacy skills of low-income families in the communities involved.	45 U.S.C 9901 et seq. Title II, Sub-Title B		0	910,239	
Youth Programs	Addresses the needs of youth in low-income communities through youth development programs that support the family, giving priority to the prevention of youth problems and promoting increased community coordination and collaboration.	46 U.S.C 9901 et seq. Title II, Sub-Title B		0	229,022	
Administration	Administers the CSBG program in accordance with the provisions of its plan, Title XXVI of the Omnibus Budget Reconciliation Act of 1981 and all other applicable federal and state regulations.	47 U.S.C 9901 et seq. Title II, Sub-Title B		0	0	
Total				0	\$0	\$16,110,137

* (Listed in priority order as determined by Agency)

Department of Human Services
 ZBB Program: Community Services

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services			
Regular Operating Expenses	\$22,600	\$36,653	\$24,197
Motor Vehicle Purchases			
Equipment			
Computer Charges	2,239	1,450	71
Real Estate Rentals			
Telecommunications			
Contractual Services	15,898,661	16,025,493	15,710,563
Grants and Benefits	309	282	0
Other	245,607	334,944	375,306
Total Expenditures	\$16,169,416	\$16,398,822	\$16,110,137
Fund Type			
State General Funds			
Federal Funds	\$16,169,416	\$16,398,822	\$16,110,137
Other Funds			
Total Funds	\$16,169,416	\$16,398,822	\$16,110,137
Positions	0	0	0
Motor Vehicles	0	0	0

Department of Human Services
 ZBB Program: Community Services

Performance Measures

Agency Purpose:

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

Program Purpose:

The Community Services program provides services and activities through local agencies to assist low-income Georgians with employment, education, nutrition, and housing services.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of low-income individuals assisted by Community Service Block Grant funds	208,026	343,666	N/A	96,028
2. Number of individuals receiving emergency assistance	78,286	119,504	N/A	N/A
3. Percentage of participants who were unemployed and obtained a job	95%	89%	N/A	N/A
4. Percentage of participants who became employed and maintained a job for at least 90 days	96%	96%	N/A	N/A
5. Percentage of participants who obtained educational skills/competencies required for employment	81%	88%	N/A	N/A
6. Average amount spent per individual service outcome contracted through the community action agencies	\$51	\$25	N/A	N/A
7. Number of senior citizens receiving services who maintain an independent living situation	35,345	44,091	N/A	N/A
8. Number of individuals with disabilities served who maintain an independent living situation	19,489	31,849	N/A	N/A



FY 2017 Zero-Based Budget Analysis

Department of Human Services

ZBB Program: Energy Assistance

Executive Summary

- The Energy Assistance program uses the federal Low Income Household Energy Assistance Program (LIHEAP) grant to help low-income households pay their energy bills or permanently reduce their energy costs.
- The energy assistance payments and weatherization programs require separate applications, which may prevent some individuals from accessing weatherization services which could permanently reduce their need for energy assistance payments. The Division of Family and Children Services (DFCS) and the Georgia Environmental Finance Authority should examine the feasibility of streamlining the application process by combining the applications for energy assistance payments and weatherization services.
- The Division of Family and Children Services (DFCS) does not currently collect data on the length of time required to process applications for crisis energy assistance payments, despite contractual requirements that Community Action Agencies (CAAs) process these applications within a certain timeframe of receiving them. The DFCS should consider collecting data on the length of time CAAs require to process applications for both regular and crisis energy assistance payments.

Program Overview

The Energy Assistance program at the Department of Human Services (DHS) distributes federal Low Income Home Energy Assistance Program (LIHEAP) grant funds to entities that administer programs to help low-income households pay their energy bills or permanently reduce their energy costs. The Division of Family and Children Services (DFCS) administers the Energy Assistance program. Nine full-time equivalent (FTEs) positions are funded through the Community Services Block Grant (CSBG) and Low Income Home Energy Assistance Program (LIHEAP), but most program activities are performed by contractors. The positions are located in the Departmental Administration program, but payments related to the positions are to the Community Services program and the Energy Assistance program based on the time each employee spends administering each program.

Ninety-seven percent of all LIHEAP funds are used for direct services, including regular and crisis energy assistance payments. DFCS contracts with Community Action Agencies (CAAs) to administer regular and

crisis energy assistance payments. DFCS uses the remaining LIHEAP funds to support the Weatherization Assistance Program (WAP) administered by the Georgia Environmental Finance Authority (GEFA).

CAAs determine eligibility for energy assistance payments based on household income, and priority enrollment is provided to individuals who are elderly and/or disabled. Individuals are eligible for energy assistance payments if their household income is at or below 60 percent of the state's median income level. In 2015, the state median income was \$67,885 for a family of four, so a family of four would qualify for assistance if their annual income was at or below \$40,731. Each adult at the residence must have proof of income by paycheck and/or proof of eligibility for other governmental services verified before an application for LIHEAP assistance can be processed by the CAAs. Priority is given to elderly and disabled individuals by allowing them to apply for assistance at the beginning of November, while the general public cannot begin applying for assistance until the beginning of December. Of the 161,806 households receiving energy assistance payments (regular and crisis), 86,033 of them (or 53 percent) are households that have at least one member who is elderly, disabled or under the age of five.

Once an individual is determined to be eligible for energy assistance, CAAs provide the benefit differently depending on whether the assistance is regular or crisis. For regular energy assistance payments, the CAAs make a singular payment to the utility company on behalf of the individual. For most crisis assistance payments, CAAs also make payments directly to an individual's utility company, except when a vendor agreement with the utility company does not exist. In most cases, crisis assistance is a one-time payment resulting from an imminent threat of disconnection, weather emergency, or fuel shortage. The majority of energy assistance payments, 76 percent, are regular energy assistance payments. The average annual regular energy assistance payment per household is \$339, while the average annual crisis energy assistance payment per household is \$344.

DFCS distributes its LIHEAP funds to 19 CAAs according to the poverty levels located within each CAA service area. DFCS enters the total state appropriation into the Energy Assistance Program System, which uses a formula to determine the amount of LIHEAP funds that each CAA will receive by factoring in each service area's population and poverty level. The CAAs are then notified when funding for the LIHEAP program becomes available for use, which generally happens toward the end of October after the beginning of the new federal fiscal year. For the first month after the funds are released, the CAAs only accept energy assistance applications for qualified elderly and disabled households. Since LIHEAP is a block-grant with finite funding, service is then made available first-come, first-serve for all qualifying households.

DFCS uses the remaining energy assistance funds to provide supplemental support for the Weatherization Assistance Program (WAP) administered by the Georgia Environmental Finance Authority (GEFA). WAP is also supported by federal grant funds from the Department of Energy and donations from Georgia Power Company and Atlanta Gas Light Company. Like regular and crisis energy assistance payments, eligibility for weatherization services is determined based on household income, with priority given to individuals who are elderly and/or disabled. The income eligibility requirements for weatherization services are different from other forms of energy assistance. To receive weatherization services, the household income must not exceed 200 percent of the federal poverty line (FPL). Additionally, individuals must own their home to qualify for weatherization services through the WAP program. Once an individual qualifies, WAP provides energy-conserving improvements, such as air

sealing, HVAC improvements, hot water tank and pipe insulations, or insulation improvements. These improvements are designed to permanently reduce the household's energy costs.

At the local level, GEFA contracts with 16 CAAs, one local government, and one non-profit organization to administer the WAP program. These organizations can provide weatherization services directly or they can contract with vendors to provide the services. Once an individual qualifies for participation in WAP, the local agency conducts an energy audit of the home and determines what improvements will be provided through the program. Finally, the energy improvements are provided. GEFA estimates that these improvements save an average of \$350 per year per home in energy costs.

Results and Recommendations

Streamline the application process for energy assistance payments and weatherization services

In most cases, the same entity that administers energy assistance payments also administers the WAP program; however, the two programs require separate applications. Providing WAP services to those individuals that are eligible for weatherization improvements could reduce their need for energy assistance payments. DFCS and GEFA should determine the feasibility of streamlining and combining the application process for energy assistance payments and the WAP program. Some states, such as Oklahoma and Montana, have combined the applications for energy assistance payments and weatherization services to increase efficiency.

Evaluate the timeliness of application processing for crisis and regular energy assistance payments

DFCS requires that the CAAs must process crisis assistance claims within 18 hours of receiving applications involving life-threatening situations or within 48 hours for applications involving non-life-threatening situations. However, DFCS does not collect performance measures regarding the length of time CAAs take to process crisis applications. DFCS should consider collecting data from the CAAs on a monthly basis regarding the average length of time required to process applications for crisis energy assistance payments. This measurement would allow DFCS to begin ensuring that CAAs are maintaining their contractual agreement related to providing swift energy assistance during crisis situations. DFCS plans to begin collecting this data next federal fiscal year.

Department of Human Services
 ZBB Program: Energy Assistance

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Energy Assistance Payments	Provides financial assistance on behalf of eligible low income households (those with a household income at or below 60% of Georgia's median income level) through payments to their utility company.	Title 45 Part 96 Subpart H (LIHEAP) (45 C.F.R. 96)		\$0	\$32,251,576
Energy Crisis Intervention	Provides financial assistance to low income households to address disconnections, energy and weather related emergencies, high fuel costs and fuel shortages.	Title 45 Part 96 Subpart H (LIHEAP) (45 C.F.R. 96)		0	16,098,128
Weatherization	Provides energy-conserving improvements to the homes of low-income citizens to provide a long-term reduction in home energy consumption. Priority of the services are given to the elderly and disabled; services are administered by GEFA.	Title 45 Part 96 Subpart H (LIHEAP) (45 C.F.R. 96)		0	1,438,321
Administration	Planning and administration activities for Community Action Agencies and indirect state costs. Also provides for outreach services and coordination with related programs.	Title 45 Part 96 Subpart H (LIHEAP) (45 C.F.R. 96)		0	5,532,003
Total			0	\$0	\$55,320,027

Department of Human Services
 ZBB Program: Energy Assistance

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services			
Regular Operating Expenses	\$47,514	\$50,082	\$53,000
Motor Vehicle Purchases			
Equipment			3,000
Computer Charges		2,012	
Real Estate Rentals			
Telecommunications			
Contractual Services	5,556,030	4,383,899	5,510,268
Grants and Benefits	62,611,759	49,726,411	49,367,417
Other	306,234	344,426	386,342
Total Expenditures	\$68,521,537	\$54,506,829	\$55,320,027
Fund Type			
State General Funds			
Federal Funds	\$68,521,137	\$54,851,254	\$53,320,027
Other Funds			
Total Funds	\$68,521,137	\$54,851,254	\$55,320,027
Positions	0	0	0
Motor Vehicles	0	0	0

Department of Human Services
 ZBB Program: Energy Assistance

Performance Measures

Agency Purpose:

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

Program Purpose:

The Energy Assistance program assists low-income households in meeting their immediate home energy needs.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of households that received energy assistance	204,917	191,035	161,806	N/A
2. Number of households that received crisis energy assistance	19,986	36,079	38,945	N/A
3. Number of households served in weatherization	1,068	159	518	N/A
4. Average payment received for regular energy assistance	N/A	N/A	\$339	N/A
5. Average payment received for crisis energy assistance	N/A	N/A	\$344	N/A
6. Percentage of LIHEAP recipient households that have at least one member who is either elderly, disabled or a young child under the age of five	77%	63%	53%	N/A



FY 2017 Zero-Based Budget Analysis

Georgia Vocational Rehabilitation Agency ZBB Program: Administration

Executive Summary

- The Georgia Vocational Rehabilitation Agency (GVRA) pays the Department of Labor (DOL) for most of their internet technology services. As GVRA moves away from this contract, the agency should transfer any potential savings to supplement service delivery.
 - GVRA owns nine state vehicles that are solely used by vocational rehabilitation contractors. GVRA should discontinue this practice and require that the vocational rehabilitation contractors return the vehicles.
 - There are twelve positions in the Administration program that either directly serve consumers or work with the public on vocational rehabilitation matters. These positions should be transferred to the Vocational Rehabilitation program to better align position function.
 - The agency should reconcile the actual motor vehicle and position counts in BudgetNet.
-

Program Overview

The Administration program provides support and oversight to the other five programs within the Georgia Vocational Rehabilitation Agency (GVRA). The goal of GVRA is to help people with disabilities become fully productive members of society by achieving independence and meaningful employment. GVRA provides the following services:

- Business management opportunities for blind individuals in the Business Enterprise program
- Manufacturing employment opportunities to blind individuals at one of the four locations of Georgia Industries for the Blind
- Residential vocational rehabilitation services at two locations
- A variety of other vocational rehabilitation services throughout the state via contracts with Community Rehabilitation Providers (CRP)

The Administration program provides executive leadership, financial services, human resource services, facilities management, and legal services to allow the entire agency to operate at the highest possible level. The purpose of this review is to develop performance measures for this program and ensure that it is functioning efficiently and effectively.

Results and Recommendations

Transfer contractual savings to the Vocational Rehabilitation program.

GVRA has continued to use the Department of Labor's (DOL) technology resources since it transitioned from DOL to the Department of Human Services (DHS) in 2012. Since the initial transfer, the program has carefully evaluated these shared services. GVRA paid DOL \$10.4 million in FY 2013, \$5.6 million in FY 2014, and \$4.8 million in FY 2015.

According to GVRA, it will be more cost effective and administratively efficient to discontinue the DOL contract and provide internet technology services internally. The savings will be used to establish an internal technology infrastructure (staff, equipment, licensing, etc.), and savings should also be transferred to the Vocational Rehabilitation program for consumer services.

Transfer positions to the Vocational Rehabilitation program.

The program currently has six constituent services employees, five employees that work as Community Work Incentive Coordinators (CWIC), and one disability liaison.

The constituent services employees assist and resolve any complaints from vocational rehabilitation customers. The CWICs educate vocational rehabilitation customers who receive Supplemental Security Income and/or Social Security Disability Insurance on incentives for transitioning to work, and how gaining employment may impact their benefits. The disability liaison is tasked with attending statewide events as a representative of GVRA and educating all disability advocacy groups on all matters relating to vocational rehabilitation in the state.

These positions and associated funds should be transferred to the Vocational Rehabilitation program to better align position function.

Secure unused state vehicles.

GVRA provided nine state vehicles to Community Rehabilitation Providers (CRPs) during 2001 and 2004, but there are no records of these transactions. Vocational rehabilitation clients can be referred to these providers to receive services based on their individualized employment rehabilitation plan. The Department of Labor still holds the title to each vehicle; however, the GVRA Administration program pays the insurance expenses for each vehicle. Maintenance costs have not been incurred in the past two fiscal years, but GVRA is responsible for any potential maintenance costs.

GVRA should request for the vehicles to be returned for surplus. The Administration program should not purchase state vehicles for CRPs.

Reconcile position and motor vehicle count.

The number of full-time, benefit eligible employees listed in BudgetNet does not reflect the actual number in this program. GVRA should submit an amendment to their annual operating budget (AOB), prior to the cut-off amendment, to realign the position count to reflect the actual number of positions. The number of motor vehicles identified in BudgetNet does not reflect the actual number in this program. GVRA should submit an amendment to their AOB, prior to the cut-off amendment, to realign the motor vehicle count to reflect the actual number of motor vehicles.

Department of Human Services
 ZBB Program: Georgia Vocational Rehabilitation Agency, Administration

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Executive Management	Establishes policy for vocational rehabilitation in the state and provides for management of the agency.	OCCA 49-9-1- 49-9-42; Rehab Act ; W.I.O.A.	4	\$62,198	\$339,906
Fiscal Management	Manages all federal grants from the Rehabilitation Services Administration to Georgia as the "Designated State Unit" (DSU).	OCCA 49-9-1- 49-9-42; Rehab Act ; W.I.O.A.	24	\$373,190	\$2,039,434
Human Resources	Recruits employees in addition to administering compensation and benefits programs.	OCCA 49-9-1- 49-9-42; Rehab Act ; W.I.O.A.	20	\$310,991	\$1,699,530
Facilities Management	Provides support to the 40 vocational rehabilitation offices across the state as well as to the Warm Springs and Cave Springs campuses.	OCCA 49-9-1- 49-9-42; Rehab Act ; W.I.O.A.	11	\$171,045	\$934,742
Information Technology	Updates software, monitors infrastructure performance, responds to client tickets, and maintains website.	OCCA 49-9-1- 49-9-42; Rehab Act ; W.I.O.A.	9	\$139,946	\$764,789
External Affairs	Represents the agency by working in government relations, communications, constituent services, disability liaison, marketing, and planning.	OCCA 49-9-1- 49-9-42; Rehab Act ; W.I.O.A.	19	\$295,442	1,614,554
General Counsel & Compliance	Provides all five agency programs with services that include legal, compliance, risk management, policy and program evaluation.	OCCA 49-9-1- 49-9-42; Rehab Act ; W.I.O.A.	7	\$108,847	\$594,836
Total			94	\$1,461,659	\$7,987,791

* (Listed in priority order as determined by Agency)

Department of Human Services
 ZBB Program: Georgia Vocational Rehabilitation Agency, Administration

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$3,166,447	\$5,397,076	\$6,511,419
Regular Operating Expenses	490,479	1,243,071	632,096
Motor Vehicle Purchases		44,506	45,000
Equipment	99,918	345,435	12,000
Computer Charges	238,648	467,535	9,590
Real Estate Rentals	328,315	336,715	256,998
Telecommunications	95,867	(36,311)	31,440
Contractual Services	334,372	582,283	489,248
Grants and Benefits		6	
Total Expenditures	\$4,754,046	\$8,380,316	\$7,987,791
Fund Type			
State General Funds	\$1,316,074	\$1,354,652	\$1,461,659
Federal Funds	3,410,785	6,981,436	\$6,526,132
Other Funds	27,187	\$44,228	
Total Funds	\$4,754,046	\$8,380,316	\$7,987,791

Positions	53	73	52
Motor Vehicles	1	3	22

Department of Human Services
 ZBB Program: Georgia Vocational Rehabilitation Agency, Administration

Performance Measures

Agency Purpose:

The Georgia Vocational Rehabilitation Agency (GVRA) operates five integrated and interdependent statutory programs that share a primary goal – to assist people with disabilities to become fully productive members of society by achieving independence and meaningful employment.

Program Purpose:

The purpose of this program is to provide support and oversight to the five programs under the umbrella of the agency. These programs include: 1) the state Vocational Rehabilitation program (VR); 2) the Roosevelt Warm Springs Institute for Rehabilitation (RWS); 3) the Business Enterprise program (BEP); 4) Georgia Industries for the Blind (GIB); and 5) Disability Adjudication Services (DAS).

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Agency turnover rate	N/A	33%	35%	19%
2. Number of audit findings	N/A	1	1	0
3. Number of constituent complaints	N/A	207	652	1,428
4. Percentage of federal grants utilized	N/A	81%	90%	91%
5. Percentage of agency funding dedicated to administration	N/A	2%	3%	4%



FY 2017 Zero-Based Budget Analysis

Department of Human Services

ZBB Program: Refugee Assistance

Executive Summary

- The Refugee Assistance program uses only federal funds and partners with non-profits to provide health care, cash assistance, English language instruction, social adjustment, and employment services to refugees resettled in Georgia.
- Currently the Department of Human Services (DHS) evaluates each contracted non-profit annually. However, these annual assessments do not evaluate the degree to which these non-profits actively engage recently arrived refugees. DHS should consider adding items to its evaluations that encourage the non-profits to improve their engagement rates with refugees.
- Once DHS has used these new measures of refugee engagement for three years, the department could use the results of the evaluations to determine the amounts for refugee assistance contracts, as well as which non-profits receive the funding.
- Several Georgia school districts have reported that the arrival of large numbers of refugees in their communities has had a substantial impact on their operational costs, but they are not directly receiving funds to help alleviate the additional costs. The DHS Refugee Assistance program should work with school districts in counties where large numbers of refugees are resettled to determine how those school districts could use Refugee School Impact grant funds to offset some of the costs associated with arriving refugee students who are still learning the language and culture.
- Performance measures should track self-sufficiency and long-term community integration.

Program Overview

The federal government gives private, voluntary agencies responsibility for determining where refugees will be placed, subject to approval from the Department of State. The State Department is required by law to “consult regularly...with state and local governments and private nonprofit voluntary agencies concerning...the intended distribution of refugees among the state and localities.” In 2014, Georgia had 2,694 refugees placed in the state, which represented 3.8 percent of the national total. Refugees resettled in Georgia primarily originate from Myanmar (formerly known as Burma), Bhutan, Somalia, Iraq, Congo, Ethiopia and Eritrea. Regardless of where refugees are originally resettled, they are free to move anywhere in the country once in the United States.

The Office of Refugee Resettlement (ORR) at the U.S. Department of Health and Human Services (HHS) funds federal assistance programs for refugees¹. According to the Governmental Accounting Office (GAO), federal funding is appropriate because the admission and placement of refugees is a decision of the federal government, and those admitted on humanitarian grounds are not required to demonstrate economic self-sufficiency. The Department of Human Services' Refugee Assistance program administers the ORR refugee assistance programs in Georgia. ORR-funded refugee assistance activities include refugee cash and medical assistance and social services to help refugees become socially and economically self-sufficient. The program delivers these services through contracts with Refugee Service Agencies, the Department of Public Health (DPH), and the Department of Community Health (DCH). The purpose of this review is to provide an overview of the program and who it serves, and to determine whether any improvements could be made to the program to more effectively serve clients.

Health Screenings

DHS contracts with DPH to provide health screenings that refugees are required to undergo within their first 30 days in the United States. Refugees are also required to undergo a screening for communicable diseases prior to arriving in the U.S. The second screening provided in the U.S. by DPH focuses on individual health and the detection of any underlying chronic conditions. DHS spent \$1.3 million of federal dollars on these screenings in 2014.

Cash and Medical Assistance

Refugees generally enter the United States without the necessary income or assets to support themselves during their first few months in the country. Refugees may receive aid in the form of Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP), and Medicaid benefits if all eligibility criteria are met². In these instances, ORR does not reimburse states for their costs for the TANF, SSI, SNAP, and Medicaid programs. DHS and DCH are unable to provide estimates of funds spent on behalf of refugees eligible for these needs-based programs.

Some refugees may meet the income and resource eligibility requirements of these programs but are not eligible for other reasons. For example, single individuals and couples without children do not qualify for TANF and childless adults do not qualify for Low Income Medicaid. Refugees who meet the programs financial requirements but are categorically ineligible may receive special Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA). Refugees who qualify for RCA and RMA are eligible to receive these benefits during their first eight months in the United States, and state costs associated with these benefits are reimbursed by ORR. In 2014, the Refugee Assistance program spent \$3.3 million on RMA.

¹ Under Federal law, refugee assistance and benefits are available to various categories of humanitarian admissions including refugees, asylees, Cuban and Haitian entrants, Special Immigrant Visa holders, trafficking victims, Amerasians, unaccompanied alien children, and survivors of torture. This review refers to all groups eligible for refugee resettlement assistance and benefits collectively as "refugees".

² There are time limits in federal law on refugee eligibility for public assistance programs. Refugee eligibility for SSI and Medicaid is limited to seven years after entry. For TANF, refugees are eligible five years after entry. There are no time limits on SNAP benefits.

Social Services

The Office of Refugee Resettlement provides funds for refugee social services through formula grants to the states. The DHS Refugee Assistance program uses these funds to provide employment support, English language instruction and social adjustment services to refugees resettled in Georgia who have been in the country for more than three months and less than five years. DHS contracts with fifteen non-profit agencies to directly provide these services. In 2014, DHS spent \$3.3 million on services provided by these non-profit agencies. Fifty-one percent of the funds DHS directs to these service providers go to English language instruction and employment services. English language instruction involves providing refugees with classes and assistance in learning functional English. Employment services vary based on refugee need and each non-profit's resources, but typically services provided include direct help with job searches, resume and interview trainings, and help receiving reaccreditation for previously obtained technical or professional degrees. Additionally, for refugees who arrive with more limited job skills, these non-profit agencies provide services such as skills assessments, technical skills training, and on-the-job training programs. Finally, DHS also contracts with these agencies to offer a variety of social adjustment services, which usually include classes and activities aimed at helping refugees adapt to their new lives in America.

DHS also receives \$560,000 in federal grant funds through the Refugee School Impact Grant. The agency awards this grant to non-profit organizations to administer programs aimed at helping refugee children succeed in school through ESL instruction, after-school programs, counselor availability and interpreter services. This grant's federal requirements stipulate that the funds can only be spent on refugee children, which has precluded some heavily-impacted Georgia school districts from directly using these funds as they can only be used to provide specific services for refugee children.

Results and Recommendations

Performance measures should further track self-sufficiency and long-term community integration

Although the Refugee Assistance program is a federally funded program, the effectiveness of the services provided through this program can have an impact on other state social safety net programs if refugees fail to become self-sufficient. Since underutilized refugee services could pose a financial burden on the state, DHS should seek to improve the outreach efforts of refugee service providers to ensure that refugees know about and can easily access language instruction and employment services. Currently, DHS evaluates each non-profit annually. These annual assessments do not evaluate the participation rates of recently arrived refugees utilizing services provided in their community. DHS should consider adding items to its evaluations that encourage the non-profits to improve their engagement rates with refugees. These items could include measuring the percentage of refugees engaged in social services within their first three months in the country. After these new measures have been in place for three years, DHS could begin using the results to determine contract awards and amounts.

Target Refugee School Impact grant funds to school districts heavily impacted by refugee resettlement in their communities

DHS receives \$560,000 annually in federal funds through the Refugee School Impact Grant. Currently, the program awards these funds to some of the same non-profit agencies they contract with for other

refugee assistance services. However, several Georgia school districts report that the arrival of large numbers of refugees in their communities has had a substantial impact on their operational costs, but they are not directly receiving funds to help them mitigate this impact. Despite the small size of the grant and the restrictions on how these funds can be used, DHS should work with school districts in counties where large numbers of refugees are resettled to determine how Refugee School Impact Grant funds could be used to mitigate the cost of refugee students with special needs in terms of language and acculturation services.

Department of Human Services
ZBB Program: Refugee Assistance

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Employment Services	Supports refugees by providing them with the educational resources, professional job-training, and preparation they need in order to obtain employment. Services include are family-based needs assessment, work plan development and management, job orientation, job placement, integration and emotional counseling, and training.	Section 412 (A)(6)(B) of the Immigration and Nationality Act		\$0	\$1,072,969
English Language Instruction	Provides services to teach English at a level that will permit effective communication through speaking, reading, and writing; special emphasis is placed on communication skills needed for employment.	Section 412 (A)(6)(B) of the Immigration and Nationality Act		0	613,668
Social Adjustment Services	Provide help for refugees to assimilate into their new lives in the U.S. and encourage self-reliance so that individuals and/or families can successfully become independent. Included under this service are integration and emotional counseling, home management, emergency/crisis intervention and health, mental health services, domestic violence prevention services, citizenship and naturalization programs parent-school involvement services and programs for on refugee youths.	Section 412 (A)(6)(B) of the Immigration and Nationality Act		0	1,623,303
Health Promotion	Promotes the physical, mental, and social well-being of all newly arriving refugees in the state of Georgia. Included under this service are Domestic Health Assessment and Immunization, Medical Interpretation and Outreach and Case Management.	Section 412 (A)(6)(B) of the Immigration and Nationality Act		0	5,575,710
Administration	Ensures that the refugee assistance program is in compliance with federal regulations.	Section 412 (A)(6)(B) of the Immigration and Nationality Act	6	0	417,963
Total			6	\$0	\$9,303,613

* (Listed in priority order as determined by Agency)

Department of Human Services
 ZBB Program: Refugee Assistance

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$409,519	\$447,705	\$470,692
Regular Operating Expenses	8,444	10,952	18,620
Motor Vehicle Purchases			
Equipment			
Computer Charges	60	3,746	
Real Estate Rentals			
Telecommunications	3,488	2,946	2,800
Contractual Services	4,422,867	5,613,473	3,576,389
Grants and Benefits	5,932,546	4,252,162	5,235,112
Other			
Total Expenditures	\$10,776,924	\$10,330,984	\$9,303,613
Fund Type			
State General Funds			
Federal Funds	\$10,776,924	\$10,330,984	\$9,303,613
Other Funds			
Total Funds	\$10,776,924	\$10,330,984	\$9,303,613
Positions	6	6	6
Motor Vehicles	0	0	0

Department of Human Services
 ZBB Program: Refugee Assistance

Performance Measures

Agency Purpose:

The Department of Human Services is responsible for the delivery of social services throughout the 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 provide employment, English language instruction, health screening, medical, cash, and social services assistance to refugees.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Percent of participating refugees obtaining employment	100%	87%	87%	N/A
2. Percent of refugees retaining employment for 90 days	83%	85%	86%	N/A
3. Percentage of refugees entering full time employment offering health benefits	76%	67%	66%	N/A
4. Cost per refugee entering employment	\$1,378	\$1,191	\$1,027	N/A
5. Percentage of refugees receiving health screenings within their first 30 days in the country	93%	88%	80%	N/A
6. The number of eligible refugees receiving English language instruction	2,094	1,919	1,613	N/A
7. The number of eligible refugees receiving social adjustment services	1,382	1,805	1,382	N/A



FY 2017 Zero-Based Budget Analysis

Commissioner of Insurance

ZBB Program: Industrial Loan

Executive Summary

- Employees are using high-mileage, state-owned vehicles and occasionally have to use personal vehicles. The Industrial Loan program should monitor motor vehicle needs and usage in a more effective manner.
- Lenders have the ability to pay taxes through an online portal. The agency should improve its online portal for improved customer convenience.
- The agency should begin tracking new performance measures beginning July 1, 2015, to better measure program performance.
- Most other states place their industrial loan program activities under the purview of their departments of banking and finance.
- The agency should reconcile motor vehicle and employee counts in BudgetNet.

Program Overview

The Industrial Loan program licenses and supervises small loan lenders (loans of \$3,000 or less) in accordance with the *Georgia Industrial Loan Act of 1955*. Supervision includes auditing lenders' financial records, receiving consumer complaints, and approving all advertisements. This program has auditors that travel the state to ensure compliance with loan contracts between borrowers and lenders. The records and books are checked for accuracy of interest and fees charged, verification of claims paid, and timely tax payment and reporting. Currently the program supervises and licenses 1,120 small loan lenders. The purpose of this review is to ensure that this program is functioning efficiently and effectively.

Results and Recommendations

Adjust motor vehicle policies

Auditors are required to travel the state for work. This program has five vehicles, and for most of FY 2015, four of the five vehicles had accumulated 200,000 miles or more. One auditor is currently using his own personal vehicle as a result. In FY 2014, one auditor without a state vehicle was reimbursed over \$19,000 in travel-related expenses. With the amount of driving the auditors do every year, the department should keep these employees in state vehicles to minimize excessive travel-related costs. At the end of FY 2015, the Office of Planning and Budget (OPB) approved the purchase of three new vehicles, leaving one auditor to a state-owned vehicle with over 200,000 miles and another auditor without a state-owned vehicle.

Improve customer service

All small loan lenders are assessed a monthly tax of 3 percent on the total amount of loan interest. Currently, the department allows lenders to pay their taxes on the agency's website, but licensees are unable to file all of their documents through the portal. According to state statute, lenders must annually renew their license. License renewals must be mailed to the department's central office. Also, any advertisements must be approved by the agency before being used in public. Advertisements in need of agency approval must be emailed. To streamline these processes, the department should enhance the website portal to accommodate license renewals and advertisement approvals.

Develop new performance measures

One of the roles of the auditors is to analyze whether lenders correctly charged borrowers according to their contracts. Some audits reveal incorrect charges against consumers, which leads to restitution. Beginning July 1, 2015, the program should track the amount of money lenders return to consumers as a result of investigations by the auditors.

The agency receives complaints from consumers regarding licensed and non-licensed lenders. The division provides assistance on a case-by-case basis. Unlicensed lenders are investigated and sometimes referred to the Attorney General's Office. Usually, consumer complaints are resolved within 20-45 days. To better understand the division's responsiveness to consumers, the program should track the number of days it takes to resolve consumer complaints more precisely.

Evaluate moving program to the Department of Banking and Finance

Georgia is the only state to license and regulate small loan finance companies in its insurance department rather than its banking or finance department. The *Georgia Industrial Loan Act of 1955* established this division within the office of the Commissioner of Insurance (OCI) (OCGA 7-3-7).

According to the agency, the Industrial Loan program is appropriately located within OCI because consumers voluntarily purchase insurance policies from lenders on any contracted loans (OCGA 7-3-14). This statute also requires the division to determine the maximum insurance premiums permissible for these loans (Rules and Regulations 120-1-11), which is within the department's mission. However, the insurance associated with industrial loans is only a small part of the department's regulatory authority. A more appropriate location for the licensing and regulation of the small loan industry may be the Department of Banking and Finance (DBF). Though the primary responsibility of DBF is the supervision of state-chartered depository financial institutions, it also has the responsibility for regulating non-depository financial institutions such as mortgage entities and money service businesses. Efficiency could be identified if state licensing and regulation of non-depository institutions was consolidated into a single program within DBF. The OPB recommends evaluating the consolidation of the Industrial Loan program into the Non-Depository Financial Institution Supervision program within DBF.

Reconcile position and motor vehicle counts

The number of full-time, benefit-eligible 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), prior to the cut-off amendment, to realign position count to reflect the actual number of positions budgeted for the program.

The number of motor vehicles listed in BudgetNet does not reflect the actual number in this program. The agency should submit an amendment to their AOB, prior to the cut-off amendment, to realign motor vehicles to reflect the actual number of motor vehicles budgeted for the program.

Commissioner of Insurance
 ZBB Program: Industrial Loan

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Audits	Investigates small loan lenders for compliance, as well as supervise contracts between borrowers and lenders.	OCGA 7-3-7; 7-3-22; 120-1-1-.02	5.5	\$547,902	\$547,902
License Applications & Revenue Collection	Examines license applications, collects monthly and quarterly loan tax, as well as annual license fees which are remitted to Treasury.	OCGA 7-3-8; 7-3-19, 20, 21; 120-1-1-.02	1	45,000	45,000
Consumer Services	Investigates inquiries and complaints to protect the public against unscrupulous and unlicensed lenders.	OCGA 7-3-5; 120-1-1-.02(1)	1	45,000	45,000
Training and Education	Administers loan manager classes and examinations, and provides licensees with information on changes to rules and regulations.	OCGA 7-3-7; 120-1-1-.02(13)	0.5	30,310	30,310
Total			8	\$668,212	\$668,212

* (Listed in priority order as determined by Agency)

Commissioner of Insurance
 ZBB Program: Industrial Loan

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$553,803	\$523,455	\$590,376
Regular Operating Expenses	70,861	49,609	57,021
Motor Vehicle Purchases		70,702	
Computer Charges	6,704	4,979	6,013
Real Estate Rentals	13,302	13,302	13,302
Telecommunications	8,361	6,683	1,500
Contractual Services		751	
Total Expenditures	\$653,030	\$669,481	\$668,212
Fund Type			
State General Funds	\$653,030	\$669,481	\$668,212
Total Funds	\$653,030	\$669,481	\$668,212
Positions	8	8	10
Motor Vehicles	6	6	8

Commissioner of Insurance
 ZBB Program: Industrial Loan

Performance Measures

Agency Purpose:

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

Program Purpose:

The purpose of this program is to license and supervise small loan lenders.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of licensees audited	884	909	976	1,062
2. Number of new license applicants	79	66	67	22
3. Number of consumer complaints	53	37	106	157
4. Average number of days to resolve consumer complaints*	25	25	25	25
5. Percentage of licensees audited per year	86%	88%	92%	96%
6. Percentage of applicants approved	20%	56%	88%	77%
7. Percentage of licensees paying taxes on online portal	49%	55%	64%	65%
8. Annual restitution back to consumers*	N/A	N/A	N/A	N/A

*See Findings



FY 2017 Zero-Based Budget Analysis

Georgia Bureau of Investigation

ZBB Program: Criminal Justice Coordinating
Council

Executive Summary

- The Criminal Justice Coordinating Council (CJCC) administers several federal and state grants related to criminal justice initiatives and provides a critical leadership role in coordinating criminal justice policies.
 - CJCC needs the ability to track grants spanning multiple years for the full life cycle of the award, and the agency should explore options to implement a solution that will accommodate this need.
 - The Georgia Crime Victims Emergency Fund (GCVEF) has grown substantially in recent years and currently represents 23 percent of the agency's budget. The council should evaluate the overall trends of the fund, as well as policy changes and initiatives that may impact a victim's ability to access the fund. The council should also consider how to best use available funds to meet the needs of victims in the state.
 - CJCC has been awarded an additional \$45 million in Victims of Crime Act (VOCA) grant funds, beginning in FY 2016, to expand victim coverage and services.
 - CJCC should establish new performance measures to track and annually report on the workload and efficiencies associated with its administration of grant funds.
-

Program Overview

The Criminal Justice Coordinating Council (CJCC) was created as an executive agency by the General Assembly in 1981 to administer federal and state grants and coordinate initiatives within the criminal justice system. CJCC currently distributes multiple federal formula and competitive grants to 241 sub-grantees across the state. Major formula block grants include the Byrne Justice Assistance Grant (Byrne-JAG), Residential Substance Abuse Treatment Grant (RSAT), Title II Formula Grants, Victims of Crime Act (VOCA) Grant, and the STOP Violence Against Women Act Grant (VAWA). The council also administers the following state grants and funds: the Accountability Courts Grant, Juvenile Justice Incentive Grant, and Georgia Crime Victims Emergency Fund (GCVEF). The programs operating within CJCC are best classified by grant categories and include Crime Victims Compensation, Criminal Justice Grants, Victim Assistance Grants, Accountability Court Funding, and Juvenile Justice Grants, as well as the Statistical Analysis Center

and Administration. The administrative activities associated with these grant awards, along with agency administration and statistical research, are carried out by agency staff.

A council of 27 members serves as the chief decision-making body for the criminal justice grant funds received by CJCC. Council members represent a wide variety of state agencies and law enforcement groups within the state, and include representatives of the following:

- Georgia Peace Officer Standards and Training Council
- Homeland security
- Judicial Council of Georgia
- Prosecuting Attorneys' Council
- Department of Corrections
- One county sheriff
- One county commissioner
- Board of Public Safety
- State Board of Pardons and Paroles
- State School Superintendent
- Department of Community Supervision
- Council of Juvenile Court Judges
- One chief of police
- One Superior Court judge
- Georgia Public Defender Council
- Governor's Office for Children and Families
- Department of Juvenile Justice
- Department of Community Affairs
- Council of Accountability Court Judges
- One mayor
- Five governor-appointed citizen members

These 27 individuals advise and make funding recommendations to committees within the council, including Executive Committee, Criminal Justice Grants Committee, Victims Assistance Grants Committee, Crime Victims Compensation Board, Council of Accountability Court Judges, Juvenile Justice Incentive Grant Funding Committee, and Juvenile Justice Advisory Board. The broad membership of this council provides a valuable range of experience when making funding decisions for criminal justice grants in the state. In addition, several activities were moved to CJCC in FY 2015 to increase the efficiency of services offered. These activities include family violence prevention, juvenile justice system research and compliance, and commercial sexual exploitation prevention.

Results and Recommendations

Grants Management

Currently, there is not an enterprise wide system that provides complete information about grant awards, which may span several fiscal years and cross between the state fiscal year (July 1 – June 30) and federal fiscal year (October 1 – September 30). The council should continue the development of administrative

processes by using technology to improve the overall agency efficiency. In FY 2015, CJCC was awarded a competitive Office for Victims of Crime grant that will fund approximately half of the costs associated with implementing a new grants management system. The administrative portion of other grants administered by CJCC will cover the remaining costs. This system will create efficiencies in the management of grants for both CJCC staff and recipients by enabling the online submission of forms, such as grant applications, adjustment requests, and expenditure reports. This capability will reduce the amount of time it takes to process and make payments to grant recipients. As part of the new grants management system, the council should include an electronic data exchange and payment system, which will be utilized to interface with the state financial management system, thereby eliminating the need to enter information twice into two different systems. Eliminating double entry will get rid of redundancy, reduce errors, and expedite payments to victims and sub-grantees by an estimated three to five days. The grants management system should also allow visibility of total grant awards, budgets, and expenditures. Increased visibility will enable applicable state entities to make more informed decisions regarding available state resources and the ability to meet ongoing obligations.

Georgia Crime Victims Emergency Fund

The Georgia Crime Victims Emergency Fund (GCVEF) has grown substantially in recent years and currently accounts for approximately 23 percent of the budget and staff associated with CJCC. The designated fund receives revenue from probation and parole fees, DUI fees, unclaimed court ordered restitution payments, a percentage of wages earned by inmates in the Prison Industry Enhancement Certification Program, and federal VOCA funds. GCVEF then pays for benefits, such as counseling, crime scene clean up, funeral and medical costs, and forensic medical exams. The fund has grown substantially in recent years, climbing from approximately \$33.6 million in 2009 to \$52.6 million in 2014. While the fund operates under Georgia code as a designated fund, the council should evaluate the overall trends of the fund as well as policy changes and initiatives that may impact victim notifications, participation, and accessibility to the fund.

In order to ensure the greatest support, the council should also consider the needs of the victim population in Georgia when making decisions about caps on payments to individuals and available benefits. Additionally, performance measures should not only track the total amount paid to victims, but should also track the number of victims assisted through the fund each year.

VOCA Funds

The council has received an additional \$45 million in VOCA funds over a four year period, beginning in FY 2016. According to data in the annual reports from the Georgia Commission on Family Violence, the Georgia Network to End Sexual Assault, and the Children's Advocacy Center of Georgia, the state has a significant need for services related to domestic violence, sexual assault, and child advocacy. Therefore, the agency should expand coverage for victim's services with newly awarded VOCA funds. Furthermore, the council should adopt performance measures that directly reflect usage and services available.

CJCC should evaluate its staffing needs stemming from these changes in funds to ensure that all grants are in compliance with federal regulations and disbursed in an efficient manner. Additionally, CJCC will annually track and report on the number of victims served at domestic violence shelters, the number of forensic medical exams provided, and the number of victims served at child advocacy centers.

Criminal Justice Grants

The council primarily funds criminal justice activities using the Edward Byrne Memorial Justice Assistance Grant (Byrne Jag) and the Residential Substance Abuse Treatment Program (RSAT). These grant funds support a variety of activities helping to prevent crime statewide. These funds have decreased 47 percent from FFY 2010 – FFY 2015. In FFY 2015, the council was awarded \$4.9 million in Byrne Jag Funds. Seventy percent of these funds will be dedicated to drug task forces, PREA (Prison Rape Elimination Act) compliance, and other state programs that support law enforcement training; 10 percent of these funds will be used for administrative purposes; and the remaining 20 percent will provide support to state agencies for programs such as the RSAT program at Coastal State Prison. RSAT funds have decreased dramatically over the last decade, falling from \$1 million in FFY2005 to \$330,000 in FFY2015.

CJCC will annually track and report on the number of law enforcement counties served by criminal justice grants to determine the sustainability and effectiveness of these grants in serving as a crime prevention tool for local law enforcement agencies in Georgia.

Accountability Courts

In FY 2012, the Georgia legislature formed the Georgia Accountability Court program in conjunction with several other criminal justice reform initiatives. As of FY 2016, \$19.3 million in state funds have provided financial support to courts statewide that offer alternative sentencing options for nonviolent property and drug offenders. In FY 2015, House Bill 328 created the Council of Accountability Court Judges. This council aims to improve the quality of accountability courts by relying on the expertise of judges and also establishes standards and practices for the drug court divisions. The Council of Accountability Court Judges is expected to make grant determinations that will be administered by CJCC staff. Grant awards are given to local entities that are implementing new accountability courts or that have existing drug, mental health, veteran's, family, and juvenile accountability courts. These accountability courts are a collaborative effort between the Superior Court, District Attorney's Offices, defense attorneys, police agencies, probation officers, and treatment programs, and they serve as an intervention program for adults who have pled guilty to one or more non-violent drug offenses or property crimes.

CJCC will annually track and report the number of adult offenders served in accountability courts, the annual savings from diverted offenders in accountability courts, and the number of accountability courts statewide. Members of the newly established Council of Accountability Court Judges were elected in July 2015 and, in accordance with HB 328, they will operate as a separate agency beginning in fiscal year 2017.

Juvenile Justice Incentive Grant

In FY 2013, Governor Deal signed HB 242, also known as Georgia's Juvenile Justice Reform bill. It aimed to improve public safety and decrease costs by allowing judges to consider risk and crime severity when determining sentencing for youth offenders. In conjunction with the Juvenile Justice Reform Bill of FY 2013, the council was appropriated \$5 million for the newly created Juvenile Justice Incentive Grant program in FY 2014 to create community programs that serve youth that are currently being committed to the Department of Juvenile Justice (DJJ). As of FY 2016, approximately \$7.3 million has been appropriated to the council. The Juvenile Justice Incentive Grant is designed to provide communities with an incentive to offer more community-based sentencing options as a part of criminal justice reform. Grant awards can only go to local county boards of commissioners who apply on behalf of juvenile courts within

Georgia. High priority is given to the 18 counties who commit the highest numbers of juveniles to DJJ. Sentencing options include substance abuse treatment programs, individual therapy, family counseling, and other evidence-based programs.

New performance measures will provide insight into the rate of this program's expansion statewide and the number of communities providing alternative options for youth offenders. CJCC will annually track and report on the number of juvenile justice grants by county.

Georgia Bureau of Investigations
 ZBB Program: Criminal Justice Coordinating Council

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Crime Victims Compensation	Administers the Georgia Crime Victims Compensation Program (GCVP), which utilizes the Georgia Victims of Crime Fund, this program provides reimbursement for services to approved applicants, including financial assistance for medical bills, loss of earning, funeral expenses, mental health counseling, crime scene clean-up, and forensic interviews. The fund also provides for the DUI Memorial Program, Victims Unclaimed Restitution, and Forensic Medical Exams.	OCGA 17-15; 35-6A-7; SB 79 (2015)	19.0		\$25,966,141
Criminal Justice Grants	Administers the Criminal Justice Grants, which provides help to local communities to develop community-based strategies coordinated with federal support.	OCGA 35-6A-7	3.5	66,986	6,535,187
Victim Assistance Grants	Administers other victim assistance programs in addition to the GCVP, utilizing federal grant funds. These programs include the Sexual Assault Services Program (SASP), Victims of Crime Assistance Act (VOCA), and the Violence Against Women Act (VAWA). These funds are sub-granted to various local agencies that provide services for victims of sexual assault, domestic violence, and child abuse.	OCGA 17-15; 35-6A-7	16.0	178,661	31,699,066
Accountability Courts	Provide sentencing alternatives to non-violent offenders as a criminal justice reform initiative throughout the state's judicial system.	HB 328 (2015)	2.5	19,352,564	19,352,564
Juvenile Justice Grants	Administers the Juvenile Justice State Incentive Grant and federal grants that provide substance abuse treatment, family counseling, and other evidence-based programming which are proven to reduce recidivism.	OCGA 49-5-130; HB 263	4.0	7,627,290	9,719,990
Statistical Analysis Center (SAC)	Supports CJCC planning and development of strategies through monitoring the performance of sub-grantees and program evaluation. SAC coordinates and conducts research projects on criminal justice issues, conducts evaluations and manages data for federal grant projects and programs, monitors performance of grant recipients, and creates reporting tools for CJCC sub grantees.	OCGA 35-6A-7	4.0	38,475	296,617
Administration	Provides business, finance, human resources, and information technology (IT) related support to CJCC.	OCGA 35-6A-7	15.0	370,645	1,134,120
Total			64.0	\$27,634,621	\$94,703,685

* (Listed in priority order as determined by Agency)

Georgia Bureau of Investigations
 ZBB Program: Criminal Justice Coordinating Council

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$3,623,801	\$4,821,017	\$4,422,338
Regular Operating Expenses	541,405	729,055	245,257
Motor Vehicle Purchases		98,480	
Equipment	96,763	34,340	55,584
Computer Charges	202,533	276,242	75,143
Real Estate Rentals	201,630	247,613	269,405
Telecommunications	57,891	61,163	47,022
Contractual Services	1,609,070	3,032,671	1,040,591
Grants and Benefits	54,429,024	76,165,537	88,548,345
Total Expenditures	\$60,762,118	\$85,466,118	\$94,703,685
Fund Type			
State General Funds	\$16,846,451	\$22,103,365	\$27,634,621
Other Funds	15,919,886	29,134,735	48,948,786
Federal Funds	27,995,781*	34,228,018	18,120,278
Total Funds	\$60,762,118	\$85,466,118	\$94,703,685

Positions	48	61	61
Motor Vehicles	3	3	3

*Includes \$1.3M in federal stimulus funding

Georgia Bureau of Investigations
 ZBB Program: Criminal Justice Coordinating Council

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 program is to improve and coordinate criminal justice efforts throughout Georgia, help create safe and secure communities, and award grants.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of victims served by grant funded programs	233,384	149,080	150,704	N/A
2. Total victim compensation paid	\$15,881,514	\$19,297,793	\$18,010,861	\$19,263,310
3. Average number of days to process a Georgia Crime Victim Compensation Program application	49	49	36	36
4. Number of claims paid by the Georgia Crime Victims Emergency Fund (GCVEF)	5,587	6,737	7,166	11,293
5. Number of law enforcement counties served by criminal justice grants	25	25	38	39
6. Number of adult offenders served through accountability courts	N/A	1,829	3,040	4,521
7. Adult offender accountability court diversion savings*	N/A	\$32,783,459	\$35,676,090	\$51,336,594
8. Number of juvenile offenders diverted through juvenile accountability courts	N/A	89	206	210
9. Juvenile offender accountability court diversion savings**	N/A	\$8,736,832	\$20,786,650	\$21,127,702
10. Number of accountability courts state-wide	N/A	99	101	113
11. Number of juvenile justice grants by county	N/A	N/A	24	63
12. Total number of federal grants administered annually	29	33	38	56
13. Total victims served by a domestic violence agency	N/A	N/A	48,758	N/A
14. Sexual assault forensic medical exams funded by CVEF	2,028	2,816	3,006	2,755
15. Total victims served through Child advocacy centers	N/A	N/A	8,015	N/A

* Represents one year of savings per offender utilizing the Georgia Department of Corrections average daily state funds rate for state prisons of \$52.81 for adult felony courts, veterans' courts, and mental health courts. Family dependent treatment courts are based on the average daily cost of child welfare services available to children in state custody, \$53.73. These figures are based on a 75% retention rate for individuals sentenced to accountability courts.

** Represents one year of savings per offender utilizing the Georgia Department of Juvenile Justice average daily rate for juvenile offenders of \$377.45. This figure is based on a 75% retention rate for individuals sentenced to accountability courts.



FY 2017 Zero-Based Budget Analysis

Georgia Department of Labor

ZBB Program: Labor Market Information

Executive Summary

- The department should leverage current resources to continue to support statewide economic development initiatives.
 - The department should seek out opportunities for increased federal grant funding for the program.
 - The department should evaluate and explore the functionality of the Labor Market Explorer website.
 - The department should reduce the number of authorized positions to accurately reflect current program employment.
-

Program Overview

The Georgia Department of Labor's (GDOL) Labor Market Information program (LMI) collects, analyzes, and disseminates data on Georgia's economy. The program gathers statistical data on employment, wages, the unemployment rate, and industry information for the state, metropolitan areas, and counties. Information collected by the program is published monthly, quarterly, and annually. Currently, the LMI program is 100 percent federally funded through the U.S. Department of Labor's Bureau of Labor Statistics and its Employment and Training Administration. The purpose of this review is to ensure that the program is functioning efficiently and effectively.

Results and Recommendations

Federal grant awards and activity have been reduced in recent years. In addition, state funds appropriated to the program were eliminated in FY 2009. As a result, LMI streamlined its processes to focus on fulfilling federal requirements.

Leverage Current Resources

In 2011, the LMI program began to utilize federal grants to produce "economic impact reports." The economic impact reports support economic development initiatives by providing businesses looking to expand or relocate to Georgia with industry specific data. The reports include data on industry occupations, wages, and employment on the local, state, and national levels. These reports can be requested by any organization, and groups that have requested them include the Department of Economic Development's Workforce Division, the Technical College System of Georgia, and state and local

workforce investment boards. The Georgia Department of Labor should continue to leverage current resources to support statewide economic development initiatives. In addition, the LMI program should, in cooperation with GDOL's Departmental Administration program, utilize existing resources and data to diversify funding sources by seeking out new grant revenue.

Data Dissemination

The program's website for statistical data, Labor Market Explorer, contains a large amount of useful information for employers, employees, and researchers. The user interface, however, needs to be streamlined to enhance functionality. In addition, Labor Market Explorer is not easy to locate on GDOL's website. The department should evaluate the usability of its current website in order to ensure that information is presented clearly and effectively.

Reconcile the Authorized Position Count

The LMI program has been streamlined in recent years to reduce costs. The program currently has 31 full-time employees; however, the program is authorized for 49 positions. The department should reduce the number of authorized positions to accurately reflect current staff levels.

Georgia Department of Labor
 ZBB Program: Labor Market Information

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Data Collection and Analysis	Collects data on state and local employment, unemployment, and wages; analyzes data on state and local labor markets; prepares industry and employment projections.	OCGA 34-8-77 29 USC sec. 49	31.5		\$1,423,312
Economic Reporting	Maintains the Labor Market Explorer workforce information database; develops state and local industry and occupational employment projections; produces statewide annual economic analysis reports.	OCGA 34-8-77 29 USC sec. 49	13.0		622,983
Administration	Provides administrative support to program staff; handles finance and accounting for the program.	OCGA 34-8-77 29 USC sec. 49	4.5		348,344
Total			49.0	\$0	\$2,394,639

* (Listed in priority order as determined by Agency)

Georgia Department of Labor
 ZBB Program: Labor Market Information

Financial Summary

Objects of Expenditure	Expenditures*		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$1,627,327	\$2,033,070	\$2,209,739
Regular Operating Expenses	35,246	46,193	47,400
Motor Vehicle Purchases			
Equipment	3,581		4,500
Computer Charges	26,374	37,823	38,000
Real Estate Rentals		115,789	80,000
Telecommunications	21,474	18,960	15,000
Contractual Services			
Total Expenditures	\$1,714,001	\$2,251,835	\$2,394,639
Fund Type			
Federal Funds	\$1,714,001	\$2,251,835	\$2,394,639
Total Funds	\$1,714,001	\$2,251,835	\$2,394,639
Positions	28	31	49
Motor Vehicles	0	0	0

*Object class expenditures were provided by the Georgia Department of Labor

Georgia Department of Labor
 ZBB Program: Labor Market Information

Performance Measures

Agency Purpose:

The Georgia Department of Labor works with public and private partners in building a world-class workforce system that contributes to Georgia's economic prosperity. The agency assists individuals by increasing self-sufficiency through employment, training, and support services and assisting employers in meeting their business needs.

Program Purpose:

The purpose of this program, in order to provide customized workforce solutions through technology, dedicated staff and collaboration, is to collect, analyze, and publish a wide array of information about the state's labor market.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Rate of accurate data collected for the Current Employment Statistics Survey (Federal target is 98%)	98.6%	99.3%	99.3%	98.0%
2. Rate of responses to the Occupational Employment Statistics Survey of employers (Federal target is 75%)	81.8%	78.8%	75.6%	75.0%
3. Percentage of employment data accurately coded for the Quarterly Census of Employment and Wages (Federal target is 99.5%)	99.5%	99.5%	99.5%	99.5%
4. Number of users of the labor market website	N/A	437,839	502,756	562,249
5. Number of economic impact reports produced	201	376	416	360



FY 2017 Zero-Based Budget Analysis

Department of Natural Resources
ZBB Program: Law Enforcement

Executive Summary

- The Department of Natural Resources should continue to work with the Office of Planning and Budget (OPB) to pinpoint and prioritize high-need areas for law enforcement agents.
 - This document provides an update on the Law Enforcement Career Ladder Initiative.
 - The department should reconcile its authorized position and vehicle counts.
-

Program Overview

Previously a part of the Wildlife Resources program, Law Enforcement (LE) was established as its own budgetary program in FY 2015. The LE program performs a variety of activities, including enforcing regulations related to boating safety, hunting safety, endangered species, litter, and other natural resources issues. Rangers provide educational classes, investigate violations, and work to protect Georgia's wildlife populations. The purpose of this review is to determine if there is a need for additional staff, given that the program has had issues with recruiting and retaining a qualified workforce due to budget constraints.

Results and Recommendations

The Law Enforcement program currently employs 198 employees, with the largest proportion of those employees (85%) working in Field Operations. The program is 89 percent state funded, and the program's budget represents 8.27 percent of the overall agency budget. The majority of the program's budget (85%) funds personal services.

Study of DNR Law Enforcement Staffing

The Law Enforcement program has seven regional offices, supported by 180 Peace Officer Standards and Training Council (POST) certified rangers and 18 non-POST support personnel. These Department of Natural Resources rangers enforce state and federal laws, rules, and regulations related to wildlife, environmental, boating, and other issues. Each of the POST-certified rangers serves approximately 55,000 Georgia citizens. The rangers in the program are responsible for patrolling 16,000 miles of river and 37 million acres of public and private land, which includes 110 wildlife management areas, 10 public fishing areas, and 65 state parks. Using the methodology developed by the International Association of Chiefs of Police, the agency determined it would need 301 rangers within the program to adequately

respond to all calls. The methodology proportionately assigns officers to areas that need their service based on the number of calls received. The agency has proposed a three-year plan to phase in additional positions, operating expenses, and one-time equipment costs for an estimated total cost of \$16.4 million. Alternative analyses, such as looking at the per capita equivalent of surrounding states, support the need for additional officers. The department should continue to work with OPB to pinpoint and prioritize high-need areas for law enforcement agents.

Update on Law Enforcement Career Ladder Initiative

In FY 2013, the Law Enforcement Career Ladder initiative was implemented to help combat high turnover rates. The final installment of the Career Ladder initiative was in FY 2015. Prior to the initiative, turnover rates at the Department of Natural Resources ranged from 19 to 23 percent. The numbers have significantly improved since beginning the initiative. Since FY 2013, only two employees have left and those two were due to retirement.

Reconcile the Authorized Position and Vehicle Counts

The LE program has an authorized position count of 232; however, the program currently has only 198 filled positions. Similarly, the authorized vehicle count is 311, while the program only has 235 vehicles. The department should update these counts through the amendment process to reflect actual budgeted values.

Department of Natural Resources
 ZBB Program: Law Enforcement

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Field Operations	Enforces wildlife, environmental, boating, and other state and federal laws and regulations; includes patrol activities, such as equipment and license checks, on all DNR controlled properties; responds to complaints and hotline tips; provides public educational programming; conducts training for new personnel; assists local, state, and federal entities when requested.	OCGA 27-1-16 OCGA 27-1-18 OCGA 27-1-19 OCGA 27-1-20 OCGA 52-7-25	195	\$15,970,345	\$17,956,491
Special Operations	Conducts special investigations on hunting and boating incidents, including incident reconstruction; includes critical action teams to respond to public safety emergencies; conducts search and rescue efforts and underwater dive teams; participates on state and federal task forces and joint enforcement teams; provides K-9 assistance; issues special wildlife permits; maintains aviation unit.	OCGA 12-2-11 OCGA 27-2-10 through OCGA 27-2-22 OCGA 27-5-4	16	1,132,125	1,293,908
Administration	Includes administrative functions of budgeting, human resources, and public affairs; responsible for enrolling students in and issuing certificates for hunting and boating safety education programs.	OCGA 35-8-9 OCGA 35-8-20 OCGA 35-8-21 OCGA 27-2-5 OCGA 52-7-22	21	1,071,929	1,176,115
Total			232	\$18,174,399	\$20,426,514

* (Listed in priority order as determined by Agency)

Department of Natural Resources
 ZBB Program: Law Enforcement

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014**	FY 2015	Current Budget
Personal Services	\$15,938,732	\$17,168,035	\$17,583,805
Regular Operating Expenses	3,209,543	2,812,257	2,621,428
Motor Vehicle Purchases	734,473	229,935	25,596
Equipment	161,641	167,970	
Computer Charges	102,942	522,879	16,000
Real Estate Rentals	13,139	18,049	12,574
Telecommunications	359,598	238,690	129,244
Contractual Services	188,028	200,281	37,867
Grants and Benefits		7,500	
Total Expenditures	\$20,708,096	\$21,365,596	\$20,426,514
Fund Type			
State General Funds	\$15,906,173	\$17,645,977	\$18,174,399
Federal Funds	4,463,309	3,464,509	2,248,458
Federal Recovery Funds	53,988		
Other Funds	284,625	255,110	3,657
Total Funds	\$20,708,096	\$21,365,596	\$20,426,514
Positions	203	198	232
Motor Vehicles *	421	421	421

*Motor Vehicle counts includes boats.

**In FY 2014, the Law Enforcement program was a subprogram within the Wildlife Resources program.

Department of Natural Resources
 ZBB Program: Law Enforcement

Performance Measures

Agency Purpose:

The Department of Natural Resources works 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 enforce all state and federal laws and departmental regulations relative to protecting Georgia's wildlife, natural, archeological, and cultural resources, DNR properties, boating safety, and litter and waste laws; to teach hunter and boater education classes; and to assist other law enforcement agencies upon request in providing public safety for the citizens and visitors of Georgia.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of licensed hunters and anglers	1,013,723	1,220,869	1,404,911	1,401,393
2. Number of water and land search and rescue cases	580	484	547	458
3. Number of hunting and boating Incidents	154	182	156	152
4. Number of boating vessels checked	30,237	31,835	34,656	31,130
5. Number of licenses checked	52,318	54,781	82,659	48,779
6. Number of citations issued	13,022	15,419	16,279	15,774
7. Average number of cases per Ranger	65	80	88	85
8. Average response time for hunting and boating Incidents	39	30	32	32



FY 2017 Zero-Based Budget Analysis

Department of Public Health
ZBB Program: Immunization

Executive Summary

- The department should realign authorized position count to more accurately reflect the number of filled, full-time benefit-eligible positions.
 - The Immunization program is currently using Federal Section 317 Funds to provide funding for the Pilot Adult Vaccine Program at various federally qualified health centers (FQHCs) and private provider sites. State General Funds should not be used to backfill a potential loss of Federal Section 317 Funds without prior authorization.
 - The Immunization program should adhere to the state agency spending policies regarding the order of spending when federal and/or other funds are available for expenditure.
 - Performance measures have been added to better describe the workload, efficiency, and effectiveness of the program.
-

Program Overview

The Immunization program in the Department of Public Health (DPH) provides immunizations, consultations, training, assessments, vaccines, and technical assistance. Specifically, the Immunization program offers the following services:

- Vaccines for Children (VFC): VFC is a federally funded program that offers vaccines to eligible children who may not otherwise have access to immunization services. The Immunization program is responsible for enrolling public and private providers into the VFC program and for providing oversight to guarantee compliance with the VFC program rules, regulations, and requirements.
- Georgia Registry of Immunization Transaction and Services (GRITS): GRITS is a digital registry that contains immunization records for all Georgia residents. Providers, schools, authorized state officials and other entities are granted access to this system and are able to assess immunization histories to prevent over or under vaccination, to identify high-risk populations in the event of an outbreak, or to obtain coverage rate data for reporting purposes.
- Education: Immunization program consultants (IPCs) communicate with the Centers for Disease Control and Prevention (CDC), professional organizations, medical providers, and state agencies to provide information and guidance regarding immunizations. The Immunization program also maintains up-to-date immunization manuals and protocols by receiving feedback from providers.

- Vaccine preventable disease surveillance: the Immunization program monitors, investigates, and reports on instances of vaccine preventable diseases, such as the following: pertussis, varicella, measles, mumps, and rubella.

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

Results and Recommendations

Realign authorized position count

The Immunization program is budgeted for 44 positions. The budgeted position count has remained constant for 44 budgeted positions during fiscal years 2014-2016. However, the Immunization program had 50 full-time, benefit-eligible positions as of June 30, 2014, and 49 full-time, benefit-eligible positions as of June 30, 2015. Through the amendment process, DPH should amend its annual operating budget (AOB) to more accurately reflect full-time, benefit eligible employees that are in the Immunization program.

State General Funds have not been appropriated for the Pilot Adult Vaccine Program

County health departments use Federal Section 317 Funds to vaccinate underinsured children up to 18 years old, as well as vulnerable adults ages 19 and older who are underinsured or uninsured. Insured adults may be vaccinated at county health departments but only with vaccines purchased by county health departments. Medicaid and the Children's Health Insurance Program (CHIP) have reduced the rate of uninsured children, creating excess Federal Section 317 Funds.

As a result, the Immunization program has started a Pilot Adult Vaccine Program, which provides selected vaccines to federally qualified health centers (FQHCs). FQHCs were selected based on areas with the lowest adult vaccine coverage rates. Private providers may also participate in the Pilot Adult Vaccine Program. Vaccines included as part of the pilot program will include hepatitis A, hepatitis B, Twinrix (combination hepatitis A and hepatitis B), and Tdap (tetanus, diphtheria, and pertussis). The Immunization program is not statutorily obligated to provide the Pilot Adult Vaccine Program.

If, in the future, Federal Section 317 Funds are reduced because of federal budget cuts or changes in federal policy, the department should seek explicit authorization to utilize State General Funds to backfill the shortage of federal funds for FQHCs or private providers administering vaccines to uninsured or underinsured adults.

The Immunization program should ensure adherence to Financial Management Policies and Procedures Spending Order policy number 4-9-1

Various fund sources are used to provide vaccines to vulnerable children and adults. Federal funds include the VFC grant and Federal Section 317 Funds. Children up to age 18 who are uninsured and Medicaid-eligible (PeachCare for Kids®), as well as American Indian or Alaskan Native, are able to receive most recommended vaccines at county health departments through the VFC grant and at VFC participating private office providers. Underinsured children are eligible to receive most recommended vaccines purchased using the VFC grant at FQHCs. VFC-eligible children may be asked to pay an

administration fee but are not required to pay for the vaccine itself. Federal Section 317 Funds are used by county health departments and certain FQHCs to provide most recommended vaccines to underinsured children ages 0 through 18 and to vulnerable adults ages 19 and older who are underinsured or uninsured. Individuals who are eligible to receive vaccines purchased with Federal Section 317 Funds may be asked to pay an administration fee but are not required to pay for the vaccine itself. Insured children and adults may receive vaccines at county health departments but only with vaccines purchased directly by county health departments.

State General Funds appropriated to the Immunization program are primarily used to support the School Based Flu Program (SBFP). While the SBFP is not mandated by federal or state statute, the SBFP helps provide influenza vaccines to children who may not always take advantage of primary health care services. For the past several fiscal years, the SBFP has ended under budget, resulting in excess State General Funds at fiscal year-end. The Immunization program has used excess State General Funds to purchase additional human papillomavirus (HPV) and pneumococcal conjugate vaccines to send to county health departments. HPV and pneumococcal conjugate vaccines can be purchased using federal funds for VFC-eligible children, underinsured children, and adults who meet specific eligibility requirements. Insured children and adults may receive HPV and pneumococcal conjugate vaccines at county health departments using vaccines purchased directly by the county health departments.

When necessary, the Immunization program should adhere to Financial Management Policies and Procedures policy number 4-9-1, which 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.” In this case, federal funds (VFC and Federal Section 317 Funds) should first be used, followed by funds from county health departments (Other Funds). Since HPV and pneumococcal conjugate vaccines are provided to county health departments solely due to a shortfall in SBFP participation, unused State General Funds should be transferred to another program within DPH (through the appropriations process) or be remitted to Treasury.

New performance measures are 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 that better suit the Immunization program.

A complete listing of new performance measures is listed in a subsequent portion of this report. The following list briefly describes several new performance measures:

1. Vaccine-preventable disease surveillance is key to the Immunization program and public health generally. Examples of vaccine-preventable diseases include pertussis (whooping cough), varicella (chicken pox), influenza, measles, mumps, and rubella. Tracking incidences of vaccine-preventable diseases can be used to make inferences relating to rates of vaccine coverage, wellness among groups susceptible to certain diseases, and potential exposure pathways for otherwise healthy humans. This new measure monitors the number of vaccine-preventable outbreaks in the state of Georgia per fiscal year.

2. The Immunization program has commenced an adolescent study, which assesses vaccine coverage rates for adolescents who have received all Advisory Committee on Immunization Practices (ACIP) vaccines before entering the seventh grade. Captured in this new measure are the percentage of seventh graders who are up-to-date on the following doses: two measles, mumps, rubella (MMR); two varicella; three hepatitis B; one Tdap; and one meningococcal conjugate vaccine (MCV4).
3. GRITS is the state's birth to death immunization registry for all vaccines administered, regardless of health care provider. Using GRITS, the new measure captures doses administered per public, private, and unknown funds per calendar year. This measure is useful because it exemplifies GRITS' capacity to monitor the number of doses administered and can be used to compare to Georgia's relatively low number of vaccine-preventable disease incidences.

The Office of Planning and Budget (OPB) will continue to work with the Immunization program to ensure new performance measures are updated annually.

Department of Public Health
ZBB Program: Immunization

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Children's Immunizations	Provides recommended vaccines for eligible children from birth to 18 years of age. Vaccines are administered at public health clinics, schools, and private providers.	Social Security Act Section 1928; Public Health Service Act Section 317; OCGA 31-2A-4	10	\$2,527,706	\$4,688,367
Adult Immunizations	Provides select vaccines for uninsured and underinsured adults at public health clinics and certain pilot-provider sites.	Section 317 of the Public Health Service Act	2		136,224
Georgia Registry of Immunization Transactions and Services (GRITS)	Collects and maintains accurate, complete, and current immunization records.	Social Security Act Section 1928; Public Health Service Act Section 317; OCGA 31-12-3.1	5		1,248,581
Education	Serves as the liaison between the Department of Public Health and external entities. The Education section also provides up-to-date immunization requirements, recommendations, and protocol.	Social Security Act Section 1928; Public Health Service Act Section 317; OCGA 31-2A-4	4		1,161,909
Assessments	Provides immunization coverage and protocol assessments in public health clinics, private providers, childcare facilities, and schools.	Social Security Act Section 1928; Public Health Service Act 317; OCGA 20-2-771	20		1,635,476
Vaccine-preventable Disease Surveillance	Investigates, monitors, and reports vaccine-preventable diseases (hepatitis B, pertussis, varicella, measles, mumps, and rubella).	OCGA 31-2A-4	3		368,337
Total			44	\$2,527,706	\$9,238,894

* (Listed in priority order as determined by Agency)

Department of Public Health
 ZBB Program: Immunization

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$3,660,574	\$3,805,934	\$1,345,409
Regular Operating Expenses	10,667,982	10,659,526	6,038,913
Computer Charges	243	52,798	
Real Estate Rentals	1,476	2,120	1,400
Telecommunications	1,243,233	323,000	30,000
Contractual Services	2,435,288	2,972,701	26,547
Grants and Benefits	3,399,181	3,221,764	1,796,625
Total Expenditures	\$21,407,976	\$21,037,843	\$9,238,894
Fund Type			
State General Funds	\$2,506,800	\$2,519,621	\$2,527,706
Federal Funds	9,015,309	9,922,739	2,061,486
Other Funds	9,885,867	8,595,483	4,649,702
Total Funds	\$21,407,976	\$21,037,843	\$9,238,894
Positions	50	49	44
Motor Vehicles	0	0	0

Department of Public Health
ZBB Program: Immunization

Performance Measures

Agency Purpose:

The Department of Public Health prevents diseases, injuries, and disabilities; promotes health and well-being; and prepares for and responds to disasters.

Program Purpose:

The purpose of the Immunization program is to provide immunization, consultation, training, assessment, vaccines, and technical assistance.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Percentage of children who are up-to-date on recommended immunizations by their second birthday	85%	85%	88%	N/A
2. Number public and private provider organizations that actively utilize the Georgia Registry of Immunization Transactions and Services (GRITS)	9,439	10,303	10,371	11,677
3. Number of vaccine-preventable outbreaks in the state of Georgia	3	7	7	6
4. Percentage of adolescents who are up-to-date on immunizations required for entry into the 7th grade	N/A	N/A	N/A	90%
5. Number of doses administered per public, private, and unknown funds	6,926,202	6,813,036	6,480,130	6,516,400
6. Number of doses administered to adults aged 19 years and older	1,512,993	1,792,050	1,764,338	1,809,710



FY 2017 Zero-Based Budget Analysis

Department of Public Health

ZBB Program: Inspections and Environmental
Hazard Control

Executive Summary

- The program's name may not fully represent the activities taking place in this program. The program should consider changing its name to "Environmental Health."
 - The program's purpose statement does not reflect the duties and responsibilities of the program. The program should consider rewording the purpose statement to better describe the focus of the Inspections and Environmental Hazard Control program.
 - Currently, laboratory services are divided among four programs. The agency should consider consolidating laboratory services into a single program, known as the "Public Health Laboratory Services" program.
 - New performance measures are added to better describe the workload, efficiency, and effectiveness of the program.
-

Program Overview

The Inspections and Environmental Hazard Control program in the Department of Public Health (DPH) is statutorily charged with addressing environmental conditions that are deemed hazardous to human health. The Inspections and Environmental Hazard Control program has the following two subprograms: Environmental Health and Laboratory-Environmental Health.

Through assessment, surveillance, education, and enforcement activities, the thirty-six staff members in the Inspections and Environmental Hazard Control program oversee rules and regulations and provide technical assistance, education, and consultation to the following groups: businesses, governmental entities, contractors, the public, and local-level environmental health specialists. All inspection activities occur at the local-level through county health departments. This program enforces the laws pertaining to the following:

- Public swimming pools
- Tourism accommodations
- Tanning facilities
- Food service establishments
- Mass gatherings
- Smoke-free air and lead-poisoning prevention
- Rabies control
- Tattoo studios
- Land use management
- Other chemical and biological hazards to human health

Environmental health activities at both the state- and local-level are subsidized by fees. County boards of commissioners set fee-schedules for environmental health activities that take place in their district. Examples of local fees include the following: annual inspection fees for food service establishments, site review fees for on-site sewage management systems, and new plan review fees for swimming pools. State-level fees include the following: certification fees for contractors, pumpers, maintenance personnel, and soil certifiers relating to the on-site sewage management system program; fees for sewage product review and approval; and tanning facility registration fees.

The purpose of this review is to assess the Inspections and Environmental Hazard Control program's statutory responsibilities, purpose, cost to provide services, and outcomes achieved in order to determine the efficiency and effectiveness of the program and its activities.

Results and Recommendations

Consider renaming the title of the fiscal program to "Environmental Health"

The title of the fiscal program, "Inspections and Environmental Hazard Control" may not depict the work that is central to the purpose of the program. Therefore, the program should consider being renamed to, "Environmental Health." The word, "Inspections," could be removed from the title of the fiscal program because inspections do not occur at the state level. Inspections occur at the local level. Environmental health staff at the state level are statutorily instructed to enforce rules and regulations pertaining to inspections; however, the actual task of inspecting different facilities takes place at the local level. Investigations performed by state-level personnel differ from locally-conducted inspections in that these investigations target illnesses associated with specific contamination pathways, such as food-borne illnesses and blood lead poisoning. State-level staff provide local staff with annual training, continuing education, and technical assistance.

The phrase "Environmental Hazard Control" may imply that DPH is actively engaged in mitigating hazards to the environment, when in actuality DPH is responsible for reducing environmental conditions that could become hazardous to human health. For example, environmental health staff respond to elevated levels of chemicals in the environment to minimize risks to human health and not necessarily risks to the environment. This role is in contrast to the Environmental Protection Division (EPD) at the Department of Natural Resources (DNR). EPD is Georgia's lead agency for ensuring clean air, water, and land.

Consider rewording the purpose statement to reflect the fiscal program's intent

The Environmental Health program delivers a number of services throughout the state to mitigate environmental conditions considered harmful to human health. The current description only includes enforcing regulations at food service establishments, sewage management facilities, and swimming pools. To this end, the program's current purpose statement may not be an accurate representation of the program's true purpose. The following purpose statement should be considered:

"The purpose of this appropriation is to prevent and abate environmental conditions that adversely impact human health through assessment, surveillance, education, and enforcement."

Consider consolidating laboratory services into the new “Public Health Laboratory Services” program

The FY 2016 Zero Based Budget (ZBB) analysis of the Infant and Child Health Promotion program recommended consolidating laboratory services into a newly established, stand-alone laboratory program called, “Public Health Laboratory Services.” Laboratory services are currently separated among four fiscal programs: Epidemiology, Infant and Child Health Promotion, Infectious Disease Control, and Inspections and Environmental Hazard Control. If program consolidation were to occur, \$831,259 in State General Funds could be transferred to the new “Public Health Laboratory Services” program from the Inspections and Environmental Hazard Control program. This ZBB analysis reiterates the importance of consolidating laboratory services into a single fiscal program because of the need for transparency when fully disclosing laboratory costs and also because of the financial efficiencies that could arise due to program consolidation. The Office of Planning and Budget (OPB) will continue discussions with DPH about potential program consolidation.

New performance measures are 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 that better suit the Inspections and Environmental Hazard Control program.

A complete listing of new performance measures is listed in a subsequent portion of this report. In addition to new measures, the phrasing of several metrics is updated for accuracy. The following list briefly describes several new performance measures:

1. Staff employed in the Inspections and Environmental Hazard Control program educate and train environmental health specialists employed by county boards of health and other stakeholders located statewide. For example, environmental health staff lead a series of training seminars lasting five weeks. All environmental health specialists are required to attend. These training courses ensure that all types of inspections and investigations are consistent statewide. Therefore a new measure will capture the number of county and state environmental health staff and independent contractors trained by the Inspections and Environmental Hazard Control program.
2. The Georgia Public Health Laboratories are essential for statewide environmental health service delivery. To describe the workload of the Georgia Public Health Laboratories, the number of blood lead poisoning tests and rabies tests are added as new performance measures. Blood lead poisoning tests and rabies tests are the most robust programs at the laboratory in regards to environmental health.
3. The phrasing of the measure, “percentage of inspections with primary food-borne risk factor violations,” is updated to read, “percentage of primary food-borne illness risk factor violations cited out of all violations cited.” The wording is updated to clarify reportable data—the previous measure insinuated that a larger percentage of inspections resulted in critical violations.

OPB will continue to work with the Inspections and Environmental Hazard Control program to ensure new performance measures are updated annually.

Department of Public Health
 ZBB Program: Inspections and Environmental Hazard Control

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Education and Support	Provides training and consultation on all matters pertaining to environmental health to both internal and external constituents.	OCCA 31-2A-4, 31-2A-6, 31-2A-11, 31-12-1.1, 26-2, 31-19, 31-27, 31-28, 31-38, 31-40, 31-45	13	\$1,413,644	\$1,413,644
Evaluation and Policy Advisement	Manages the Environmental Health Information System (EHIS), responds to data inquires, and analyzes data trends to develop and oversee rules and regulations for statewide environmental health policies.	OCCA 31-2A-11, 31-2A-4(2), 31-2A-9, 31-3-5, 31-12-1	12	1,295,840	1,486,410
Laboratory Services	Supports the Inspections and Environmental Hazard Control program by determining if specimens pose an immediate danger to human health.	OCCA 31-2A, 31-19, 31-41-10		831,259	831,259
Land Use Management	Certifies and trains contractors, pumpers, maintenance personnel, and environmental health specialists; reviews and approves septic tanks and related devices.	OCCA 31-2A-11, 31-3-5, 31-2A-4(3)	5		345,145
Investigations	Assesses environmental media for contaminants that are deemed hazardous to human health.	OCCA 31-12-8, 31-41-10, 31-12A, 31-2A-4, 31-3-4, 31-12-1	10	235,607	772,090
Total			40	\$3,776,351	\$4,848,548

* (Listed in priority order as determined by Agency)

Department of Public Health
 ZBB Program: Inspections and Environmental Hazard Control

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$3,102,294	\$3,179,178	\$2,827,870
Regular Operating Expenses	1,050,817	1,034,525	1,132,362
Computer Charges	28,069	40,097	119,234
Real Estate Rentals	2,000		15,000
Telecommunications	53,511	140,113	36,012
Contractual Services	153,792	251,214	171,320
Grants and Benefits	715,566	536,497	546,750
Total Expenditures	\$5,106,048	\$5,181,624	\$4,848,548
Fund Type			
State General Funds	\$3,620,851	\$3,714,761	\$3,776,351
Federal Funds	671,280	552,976	352,681
Maternal and Child Health Services Block Grant	94,872		
Preventative Health and Human Services Block Grant	242,125	521,329	158,382
Other Funds	476,919	392,558	561,134
Total Funds	\$5,106,048	\$5,181,624	\$4,848,548
Positions	32	34	40
Motor Vehicles	0	0	0

Department of Public Health
 ZBB Program: Inspections and Environmental Hazard Control

Performance Measures

Agency Purpose:

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

Program Purpose:

The purpose of the Inspections and Environmental Hazard Control program is to detect and prevent environmental hazards, as well as providing inspection and enforcement of health regulations for food service establishments, sewage management facilities, and swimming pools.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Percentage of primary food-borne illness risk factor violations cited out of all violations cited.	5%	33%	23%	24%
2. Number of swimming pool closures	715	566	958	1,072
3. Percentage of critical tourist accommodation risk factor violations cited out of all violations cited.	10%	13%	24%	32%
4. Number of constituent requests	N/A	N/A	N/A	N/A
5. Number of people trained by the Inspections and Environmental Hazard Control program.	N/A	N/A	N/A	N/A
6. Number of blood lead tests	5,601	4,953	4,637	4,666
7. Number of rabies specimen tests	2,595	2,511	2,175	2,171
8. Percentage of on-site sewage systems that failed within the first five years of installation	2.46%	2.13%	1.36%	1.37%



FY 2017 Zero-Based Budget Analysis

Department of Public Health

ZBB Program: Public Health Formula Grants
to Counties

Executive Summary

- Beginning in 2012, the Department of Public Health (DPH) began a seven year phase-in process to update the formula for the allocation of general grant-in-aid funds to county health departments. Each year, “hold harmless” funding has also been added to prevent counties from losing money as a result of the newly revised formula. At the conclusion of the seven year phase-in period, county boards of health will not continue to receive an annualized “hold harmless” appropriation.
 - The county match requirement has not changed since 1970 and should be updated.
 - In addition to collecting fee-based revenue for population-based services, county health departments are allowed to collect fee-based revenue for direct health care services. The ability for county health departments to collect fee-based revenue should increase due to the implementation of the Clinical Information Billing System. Upon implementation of the new system, DPH should develop a methodology to monitor receipt of fee-based revenue receipts from direct health care services.
 - The agency should interface the Clinical Information Billing System with the Georgia Health Information Network (GaHIN) to achieve efficiencies.
 - For the past several years, the number of unduplicated patients at county health departments has declined. DPH is also experiencing a shortage of public health nurses. While one of these trends may not definitively lead to the other, DPH should continue offering alternative solutions and collaborate with the Human Resources Administration (HRA) within the Department of Administrative Services (DOAS) to take a comprehensive approach to maintaining its public health nurses workforce.
 - The annual operating budget (AOB) for the program does not reflect historical spending patterns. DPH should amend the AOB to reflect spending patterns.
 - Performance measures are being added to better describe the workload, efficiency, and effectiveness of the program.
-

Program Overview

The Public Health Formula Grants to Counties program in the Department of Public Health (DPH) allocates general grant-in-aid to county health departments delivering local public health services. Public health services in the state of Georgia are implemented through a three-tiered delivery model. In this

way, DPH provides policy direction, public health districts serve as the management liaison between DPH and county health departments, and public health services are delivered at county health departments. The state is divided into 18 public health districts, ranging from single county districts such as the Fulton District to multi-county districts such as the Southeast District, which has a total of 16 counties. On average, there are 9 counties, or county boards of health, per public health district.

County health departments deliver two types of services: population-based services and direct health care services. Population-based services protect the health and well-being of the general public, as opposed to direct health care services delivered in a one-on-one setting. Direct health care services are delivered within public health departments and often target vulnerable individuals. Population-based services include services related to emergency preparedness, environmental health, and epidemiology. Direct health care services include health promotion and disease prevention, infectious disease control, and maternal and child health services.

State General Funds appropriated to this program support essential infrastructure costs, such as personnel, regular operating expenses, and telecommunications. Unless specifically authorized by the terms of a particular grant (known as a master agreement), funds may not be used by counties for building rent, building repairs or maintenance, motor vehicle purchases, or motor vehicle repairs and maintenance. General grant in aid, along with other funding sources, contribute to the delivery of both population-based services and direct health care services at the county level.

Other fund sources available to county boards of health include the following:

- Federal: programmatic grant in aid and other types of federal grants
- State: programmatic grant in aid, general grant in aid, and other forms of state funding
- Fees and Insurance: fees can be levied for environmental health inspections, women's health, etc.
- Local: all 159 counties are required to financially support county boards of health
- Other types of revenue, such as donations and grants from organizations like the United Way

The purpose of this review is to assess the activities of the Public Health Formula Grants to Counties program against its statutory responsibilities, purpose, cost to provide services, and desired performance outcomes.

Results and Recommendations

Discontinue "hold harmless" after fiscal year 2018

The current general grant-in-aid formula, which began implementation in amended fiscal year 2012, allocates general grant in aid to county boards of health through a standardized formula. The following components make up the formula: a county's share of the state's total population living in poverty (40%), a county's share of Georgia's total population (40%), and a county's rate of poverty (20%). The new general grant-in-aid formula is being phased-in over seven years. For each year the new formula is phased-in, additional funds are included to "hold harmless" those county health departments that would have lost funding under the new allocation formula. Through five years of the new formula's phase-in, \$6,806,210 out of a total \$8,934,816 has been annualized as part of general grant in aid allocations to county boards of health. In FY 2016, "hold harmless" funds will be used to support public health operations for 51 county health departments. The amounts that county health departments

would have lost as a result of the new formula varies greatly—some counties would have lost less than \$1,000 while other counties would have lost significantly more revenue as a result of the new general grant in aid formula.

An implementation plan and standardized formula for allocating general grant in aid is not written in statute; these policies were recommended by the Georgia Public Health Funding Formula Advisory Committee, which was convened in 2010. In FY 2010, the Public Health Formula Grants to Counties program within the Department of Community Health was appropriated \$70,600,519. In FY 2012, the Public Health Formula Grants to Counties program, now within the Department of Public Health, was appropriated \$71,650,778 in State General Funds. In FY 2016, the Public Health Formula Grants to Counties program was appropriated \$100,343,948 in State General Funds, for an increase of 40 percent compared to FY 2012. At the conclusion of the seven year phase-in, no additional State General Funds should be appropriated to DPH for the purpose of further supplementing county boards of health who received less funds as a result of the new formula. District health directors and county boards of health should be informed that in addition to existing State General Funds, other fund sources should be utilized to maintain access to core public health services.

County match requirements have not been updated since 1970. County boards of commissioners currently budget over double the required amount.

The original, general grant-in-aid formula was established in 1967 and remained static from 1970 until 2012, when a new general grant-in-aid formula was implemented. The original formula relied upon the tax base (50%) and population (50%), along with a county match requirement. The county match requirement was calculated based upon the following formula:

$$(county\ tax\ digest / county\ population) / (state\ tax\ digest / state\ population) \times state\ allotment$$

The county match requirement is defined in master agreements between county health departments and DPH and is based upon the matching requirement from 1970. Since the implementation of the new formula, county boards of commissioners contribute revenues based upon “county participating” and “county non-participating” amounts. County participating contributions are the dollar amounts that were established according to the 1970 matching requirement. County non-participating revenues are the dollar amounts contributed by county boards of commissioners that are above and beyond the 1970 matching requirement. Most county boards of commissioners contribute well above the original match requirement. For example, during FY 2014 county boards of commissioners budgeted a total of \$22,477,540 in “county participating” dollars and \$24,503,237 in “county non-participating” dollars (\$46,980,777 total).

Since county boards of commissioners contribute above and beyond the 1970 matching requirement, a new county matching formula should be used to more accurately reflect current county revenue contributions. An updated formula should more closely resemble total contributions (county participating and non-participating amounts) and reflect an appropriate portion of the costs that are associated with delivering public health services in a given county. Similar to the current general grant-in-aid formula, variables such as population and poverty should be considered when constructing a new county matching formula.

Monitor fee-based revenue that is generated from direct health care services

Beginning in FY 2016, DPH will begin to receive \$9,300,000 in General Obligation (G.O.) bond proceeds for the development of the Clinical Information Billing System. In addition to G.O. bond proceeds, DPH expects to leverage funds related to the Women, Infants, and Children (WIC) program and Health Information Technology Economic and Clinical Health (HITECH) for the system's development. DPH estimates that the Clinical Information Billing System will cost a total of \$21 million in G.O. bond proceeds and \$43 million in total funds. The Clinical Information Billing System will provide a consolidated, statewide platform for DPH to bill appropriate parties for services delivered. Specifically, the purpose of the Clinical Information Billing System is to help the 18 public health districts to do the following:

1. Collect patient information
2. Track services consumed by patients
3. Monitor fees owed by the patient
4. Optimally collect fees for direct health care services
5. Maintain an electronic health record for transient patients moving across public health districts
6. Integrate with the Electronic Benefit Transfer (EBT), which is a WIC system and compliant with the United States Department of Agriculture/Food and Nutrition Services (USDA/FNS) policies

Currently, fee-based revenue collected for direct healthcare services remains with individual county health departments to offset service delivery costs. Fee-based revenue collections for population-based services also remain with the county in which they were collected. Allowing fee-based revenue to remain at county health departments provides an incentive since fees generated within a certain program are used solely for that program's purpose. County health departments also have the capability to utilize fees collected in prior years for service delivery in subsequent years. During FY 2014, county health departments collected \$74,330,067 in fees and insurance and provided some form of healthcare to 34,082 unduplicated, uncompensated care patients. In total, county health departments had 1,588,275 office visits in FY 2014.

The Clinical Information Billing System should enhance a county health department's ability to collect fees through robust scheduling capacity, automated collections processes, and annual patient service reminders. These factors will positively impact overall fee-based collections because patients will be held more accountable for consuming and paying for services at county health departments. With the development of the Clinical Information Billing System, DPH should develop a method for tracking fee-based revenue collected by county health departments. Even though federal grant reductions are possible, DPH should be able to utilize fees to offset potential reductions to federal grant awards to sustain service delivery. Since fee-based service delivery is occupying a more prominent role in public health care delivery, the potential use of fee-based revenue to offset State General Funds appropriated to this program should be examined on a county-by-county basis. Each of Georgia's county health departments should not be expected to become self-reliant; however, the state of Georgia should begin to account for the effect that an enhanced billing platform could have on county health departments. DPH should develop a methodology for tracking fee-based revenue collections and investigate scenarios that adjustments, centered on fee-based revenue collections, to master agreements could have upon public health care services in a given locality. DPH should also investigate transferring State General Funds among county health departments to adjust the budgets of those county health departments that do not collect as much fee-based revenue as other county health departments.

Ensure that the Clinical Information Billing System interfaces with the Georgia Health Information Network

The primary goal of the Clinical Information Billing System is for DPH to have a consolidated, streamlined billing platform for its network of county health departments. Another objective for this system is to collect and maintain electronic patient information, also known as an electronic health record (EHR). The importance of having accurate and timely patient information is important for physicians and other medical providers to inform their decision-making process. For this reason, DPH should connect the Clinical Information Billing System with the Georgia Health Information Network (GaHIN).

GaHIN is a public-private partnership enacted through the Department of Community Health (DCH) that connects health information exchanges across the state of Georgia to an omnibus data-sharing network. The purpose of GaHIN is to connect hospitals, physicians, and other providers (including county health departments) to critical patient information at the point of care. Interfacing the Clinical Information Billing System with GaHIN would enable staff at county health departments to view a patient's EHR to make more informed treatment decisions by viewing the patient's complete medical history. This process will result in cost and time efficiencies.

Decline in number of unduplicated patients and public health nursing shortage

Since FY 2012, the number of unduplicated patients at county health departments has declined.³ In FY 2012, county health departments received 1,212,140 unduplicated patients, while in FY 2015 county health departments received 1,088,832 unduplicated patients, for a decline of 123,308 unduplicated patients (10%). The decline in the unduplicated patient count could be due to enrollment in the federal healthcare exchange and/or duplicative provider sites offering safety-net services, including for women's health.

As Georgia's population has increased, the state's public health nursing workforce has decreased, creating a public health nursing shortage.⁴ In addition to the public health nursing workforce lagging behind the state's population growth, DPH reported that among public health nurses, the FY 2013 vacancy rate was 16.2 percent and the turnover rate was 17.4 percent. One reason for the public health nursing shortage could be the disparity between a public health nurse's average salary and the average salary for a registered nurse (RN) in the state of Georgia. In September 2014, the mean salary for public health nurses was \$46,567. In May 2014, the mean salary for RNs in Georgia was \$62,350, a difference of \$15,783 (25 percent).

A nursing shortage is not unique to DPH. In FY 2015, the Department of Behavioral Health and Developmental Disabilities (DBHDD) reported turnover rates of 57 percent and 46 percent among licensed practical nurses (LPNs) and RNs, respectively. DBHDD also reports vacancy rates of 24 percent for LPNs and 25 percent for RNs.

Public health nurses are vital to public health service delivery throughout the state of Georgia. Public health nurses administer a multitude of health care services, such as flu shots and other immunizations

³ Unduplicated patient count does not include Ryan White HIV/AIDS patients at this time.

⁴ According to the Association of State and Territorial Directors of Nursing, a sufficient staffing standard is 1 public health nurse or registered nurse per 5,000 population.

and treatment for individuals with infectious diseases. Given that a nursing shortage is not unique to DPH, the department should work with the Human Resources Administration (HRA) within the Department of Administrative Services (DOAS) to develop a comprehensive public health nurse workforce strategy. A comprehensive public health nurse strategy should incorporate alternative workforce approaches. These alternatives could include flexible work hours, which are currently used by several public health districts; as well as job sharing, which occurs when a full-time job is divided between two people and each person shares the duties and responsibilities that are needed to successfully complete any tasks associated with completing the job.

Another strategy used by the department to maintain healthcare access in rural areas and for vulnerable populations is Telehealth. Telehealth connects patients to providers in remote locations to improve healthier outcomes in several different health care areas, such as the following: WIC, human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS), and dentistry. Federal Fund sources, such as WIC and Universal Service Funds, are major contributors to DPH's statewide Telehealth network.

The annual operating budget (AOB) does not reflect historical spending patterns

The Department of Public Health (DPH) should amend its annual operating budget (AOB) to optimally budget for upcoming and historical spending patterns. During FY 2015, the Public Health Formula Grants to Counties program had expenditures from various object classes without amending the AOB. During FY 2016, amendments should be submitted to the AOB to budget for upcoming expenditures.

New performance measures are 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, they 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 that better suit the Public Health Formula Grants to Counties program.

A complete listing of new performance measures is listed in a subsequent portion of this report. The following list briefly describes several new performance measures:

1. In addition to the number of office visits in county health departments, the number of unduplicated patients is added as a performance measure. Unduplicated patient count measures workload more accurately than office visits when determining cost per patient and even cost per patient consuming a specific service.
2. Uncompensated care commits public funds to financing health care services delivered to individuals who are unable to pay. As a result, uncompensated care takes a toll on federal and state government budgets. The number of unduplicated, uncompensated care patients is added as a performance measure to monitor the total number of patients unable to pay the cost of care for services consumed at county health departments. This will also help track the impact of federal health care policy in the state of Georgia and the cost attributed to uncompensated care.
3. As a result of more Georgians becoming insured, county health departments will be able to bill insurance providers for services consumed. While getting the credentials needed to bill insurance providers is challenging for public health districts, which rely upon public health nurses instead of physicians, an increased number of insured Georgians could offer insurance companies an incentive

to credential public health districts. This new measure accounts for the number of public health districts credentialed by insurance providers in relation to the total number of public health districts for each fiscal year.

The Office of Planning and Budget (OPB) will continue to work with the Public Health Formula Grants to Counties program to ensure new performance measures are updated annually.

Department of Public Health
 ZBB Program: Public Health Formula Grants to Counties

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Population-based Services	Protects the general public, as opposed to an individual patient. Population-based services often do not involve a one-on-one relationship between medical personnel and a patient, and in many cases, they are performed by non-medical personnel in the health department or by personnel in the district office or central office.	OCGA 31-2A-4, 31-3-5; ESF #8		\$15,885,107	\$15,885,107
Direct Health Care Services	Diagnoses, monitors, and treats patients in a one-on-one settings. Direct health care services within health departments often target high-risk individuals (such as those with communicable diseases, women, and children).	OCGA 31-2A-4, 31-3-5		42,199,221	42,199,221
Administration	Provides administrative support to county and district public health operations.	OCGA 31-2A-4, 31-3-5		42,259,620	42,259,620
Total			0	\$100,343,948	\$100,343,948

* (Listed in priority order as determined by Agency)

** Positions associated with these activities are employed by the health districts and county boards of health. The following are approximate counts for these local-level FTEs. Population-based services: 789. Direct Health Care Services: 2,096. Administration: 2,099. Total: 4,984.

Department of Public Health
 ZBB Program: Public Health Formula Grants to Counties

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$2,612,885	\$2,219,819	
Regular Operating Expenses		87,764	
Computer Charges		135,300	
Telecommunications		199,793	
Contractual Services	287,708	1,604,745	
Grants and Benefits	84,417,053	90,598,279	\$100,343,948
Other		2,000	
Total Expenditures	\$87,317,646	\$94,847,700	\$100,343,948
Fund Type			
State General Funds	\$87,317,646	\$93,242,955	\$100,343,948
Other Funds		1,604,745	
Total Funds	\$87,317,646	\$94,847,700	\$100,343,948
Positions	0	0	0
Motor Vehicles	0	0	0

Department of Public Health
 ZBB Program: Public Health Formula Grants to Counties

Performance Measures

Agency Purpose:

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

Program Purpose:

The purpose of the Public Health Formula Grants to Counties program is to provide general grant-in-aid to county boards of health delivering local public health services.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Total number of office visits in public health departments	N/A	1,704,179	1,588,275	1,415,748
2. Total number of unduplicated patients (Excluding Ryan White patients.)	1,212,140	1,156,127	1,138,867	1,088,832
3. Total number of unduplicated, billable patients (Excluding Ryan White patients.)	1,140,696	1,098,282	1,104,785	1,060,984
4. Total number of unduplicated, uncompensated care patients (Excluding Ryan White patients.)	71,444	57,845	34,082	27,848
5. General grant in aid spending per capita	\$7.26	\$8.21	\$8.65	N/A
6. Percentage of public health districts that are credentialed to bill insurance providers	N/A	N/A	72%	N/A



FY 2017 Zero-Based Budget Analysis

Department of Public Safety

ZBB Program: Office of Highway Safety

Executive Summary

- The Office of Highway Safety (OHS) publishes the Georgia Highway Safety plan, administers federal grant funds for highway safety purposes, and oversees the distribution of the Georgia Driver Education Training Fund.
 - Joshua's Law, which established the Driver Education and Training Fund, is scheduled to sunset at the end of fiscal year 2016.
 - OHS should create a multi-year strategic expenditure plan for the Driver Education Training Fund that clearly aligns the spending plan with highway safety goals for the state.
 - OHS should statutorily absorb the administrative functions of the Georgia Driver Education Commission from the Department of Driver Services (DDS).
 - OHS and DDS should evaluate changes to the driver's license test and fee structure for repeat offenders that would fulfill the requirements necessary to apply for the federal distracted driving grant, per 23 U.S.C 405 (e)5.
 - OHS should establish new performance measures to track and annually report on the workload and efficiencies associated with its program and also adopt reliable measures that monitor distracted driving outcomes.
-

Program Overview

OHS is the designated gubernatorial agency created in response to the federal Highway Safety Act of 1966, which requires a state agency to administer all federal National Highway Traffic Safety Administration (NHTSA) grants related to highway safety. In FY 2016, 80 percent of the agency's operating budget will come from federal grant funding, while the remaining 20 percent will be state funded. This same fiscal year, OHS will oversee the distribution of approximately \$17 million to Georgia law enforcement and transportation safety agencies. Key activities of the program include administration, highway safety planning, driver's education, and grant administration for law enforcement and relevant non-law enforcement agencies.

OHS must also produce required reports and provide coordinated planning related to highway safety in the state. The Highway Safety Act of 1966 requires OHS to submit an annual Highway Safety Plan to NHTSA that includes all highway safety initiatives to be planned, implemented, and evaluated

throughout the fiscal year. The OHS Highway Safety Plan includes information about the state's highway safety strategies, along with projects, budget summaries, and performance measures. This plan also serves as the application for federal grant funding reserved for highway safety purposes.

OHS coordinates with a number of federal and state law enforcement and non-law enforcement agencies to outline more specific strategies to accomplish the shared priorities outlined in the Highway Safety Plan. These organizations—including the Department of Public Safety (DPS), Department of Driver Services (DDS), Department of Transportation (DOT), Emory University Prevention Research Center, Georgia Trauma Commission, and others—partner to create data-driven recommendations to reduce traffic accidents in Georgia. This set of recommendations, known as the Strategic Highway Safety Plan, helps develop future strategies that utilize information dissemination and law enforcement to combat traffic injuries and fatalities. Participating organizations work together to carry out planned traffic-safety initiatives, as well as provide public information and enforcement to reduce traffic fatalities and injuries.

In 2005, the Georgia General Assembly passed Senate Bill 226, known as “Joshua’s Law,” which created new education requirements for teenage drivers applying for a Class D driver’s license. OHS is responsible for providing the driver education required by this law, which took effect in 2007. Individuals who are 16 years old are required to complete a driver’s education course approved by DDS, along with 40 hours of supervised driving verified by a parent or guardian. Individuals who are 17 years old have the same supervised driving requirement but are not required to complete a driver’s education course. DDS and the Department of Education report that 97 of the 450 public high schools in Georgia offered DDS certified driver education training in 2015.

Joshua’s Law also created the Driver Education and Training Fund to support driver education initiatives in the state by reducing the cost of school-based driver education courses and providing scholarships for students attending accredited driver education schools. This fund sets aside a percentage of all traffic citations for use on driver education and is overseen by the Georgia Driver Education Commission (GDEC). According to O.C.G.A 15-21-181, GDEC must issue a report by October 1 of each year to the governor, lieutenant governor, speaker of the House, and any committee related to motor vehicles in either chamber. That report must note the dollar amount appropriated to the fund and how it was spent over the previous three years. In FY 2015, the total dollar amount available for expenditure in the fund was \$5,665,150.

Funds were not appropriated to the Driver Education and Training Fund from FY 2008-FY 2014. During this time, the legislature also reduced the percentage of funds collected from citations from five percent to one and a half percent. In 2014, Governor Nathan Deal appointed new members to GDEC, and a new director of the fund was named. Both GDEC and its director operate out of OHS through a memorandum of understanding between DDS and OHS. The commission and director are tasked with providing driver’s education courses to Georgia students who need to fulfill the educational requirements necessary for receiving a Class D license. The fund pays for the director’s personal services, the commission’s regular operating and travel expenses, student scholarships, grants for temporary driver’s education instructors, AAA curriculum materials, and driver’s education vehicles and simulators. The statute designating a portion of citation collections to the fund is scheduled to sunset on June 30, 2016.

In order to effectively reach students throughout the state, OHS collaborates with the Technical College System of Georgia (TCSG). Currently, TCSG offers at 20 of its 22 campuses around the state the driver’s

education course required for all 16 year olds, and the system receives a \$350 reimbursement from GDEC for each passing student. The commission also offers grants to local school districts to support driver's education in high schools and is currently exploring potential ways to offer driver's education in high schools on a cost-per-student basis.

OHS partners with law enforcement agencies, courts, universities, and other state agencies to disperse grant funds to entities that use them to work toward the OHS Core Performance Measures and Goals. The Georgia Core Performance Measures and Goals are the same as the NHTSA measures and goals. These measures were created to monitor highway safety statistics, including the following: total number of fatalities, traffic injuries, unrestrained passenger vehicle fatalities, motorcyclist fatalities, fatalities of drivers under the age of 20, bicyclist fatalities, pedestrian fatalities, and alcohol-impaired driving fatalities. Goals for each measure include specific safety targets, which are set by NHTSA. Grants fund anti-impairment efforts, safety belt road stops, public safety awareness, and safe driving cooperatives throughout the state, which aim to reduce traffic injuries and fatalities across Georgia. These cooperatives include the Nighthawks DUI Task Force, Traffic Enforcement Networks, and the Highway Enforcement of Aggressive Traffic (H.E.A.T.). Federal funds for these programs are matched by the local entities that receive them. At the state level, applications for federal highway safety grants from law enforcement and transportation safety groups are processed through the online OHS portal eGOHS. These applications are included in the Highway Safety Plan. Local and state entities provide a combined in-kind and cash match of approximately \$16 million to meet the federal match as well as the maintenance of effort required for federal grants administered by OHS. Accounting for \$15 million of this amount, the salaries of state troopers who primarily patrol Georgia's interstates and highways make up the majority of the in-kind match.

OHS also partners with non-law enforcement entities—including Pedestrians Educating Drivers on Safety, Georgia Bikes, the Atlanta Bicycle Coalition, Mothers Against Drunk Driving, and Students Against Destructive Decisions—to promote their transportation safety campaigns across the state. Transportation safety programs use federal and state grant funds to increase safety campaign visibility in Georgia schools, on roadways, at public events, at community centers, and through law enforcement agencies. Other funds are raised from specialty license plates and the GOHS Conference. OHS planners and law enforcement liaisons monitor grantee compliance on a monthly basis using the eGOHS portal. In addition, GDOT staffs a statewide bicycle and pedestrian coordinator position within OHS.

The purpose of this review is to evaluate outcomes and the cost effectiveness of the Office of Highway Safety and to make recommendations that will promote efficiencies in the program.

Results and Recommendations

Driver Education Training

Through its partnerships with TCSG campuses and public high schools across the state, GDEC used its FY 2015 appropriation to install 145 driving simulators (\$2,317,296), to fund scholarships for 5,204 student drivers (\$1,821,554), to provide \$20,331 in training aids, to supply \$64,481 for curriculum materials, and to purchase 79 student driver vehicles (\$1,459,923). OHS has contracted with Georgia Southern University to research the effectiveness of its driver education training fund expenditures. OHS and the

commission should use this research to establish priorities for driver education in Georgia, to create a multi-year strategic plan for the fund to address these priorities, and to evaluate whether to extend the Joshua's Law sunset provision. GDEC and OHS should publish a multi-year strategic plan for the driver education training fund in the OHS annual report and attach it as an addendum to the Highway Safety Plan.

The fund and the director of the Driver Education Commission moved to OHS through a memorandum of understanding in 2013. OHS should statutorily absorb the administrative functions of the commission from DDS. GDEC is currently still administratively attached to DDS by statute.

Grant Administration

Direct state match funds should always be included in the operating budget to ensure the state continues to receive the federal grant awards. To provide a general overview of the agency's activities with related entities, the agency should include as performance measures the number of law enforcement and highway safety groups that receive grant funding from it, as well as the total amount of grants dispersed. These figures could then be used to track participation and grant dispersal trends over the coming years.

In 2013, the NHTSA reported that 3,154 people were killed and approximately 424,000 injured by accidents involving distracted drivers across the nation. In FY 2013, the federal government made distracted driving grants available to states with distracted driving laws, and Georgia received \$1.6 million through 23 U.S.C. 405e5. Under federal statute, distracted driving grant funds must be used to fund initiatives that educate citizens about the dangers of texting while driving and to pay for law enforcement costs related to distracted driving laws. In subsequent years, the federal government set additional requirements for states to earn this grant, and Georgia has not received federal distracted driving funds since this change.

Currently, in order to be eligible for the federal distracted driving grant, a state must do the following: administer a driver's license test that includes questions related to distracted driving, have incremental increases in penalties for repeat offenders of distracted driving, enact laws prohibiting adults from texting while driving, and enact laws prohibiting all teen cell phone use while driving. Although Georgia has a distracted driving law, it does not meet the additional requirements. OHS should work with DDS to evaluate the impact and feasibility of implementing the remaining federal requirements, which would make Georgia eligible to apply for federal grant funds to combat distracted driving. The total available federal grand award, to be distributed among qualifying states to prevent distracted driving, is approximately \$23 million. Currently, only one state is eligible for this award. If Georgia receives the grant, the state would have to provide a match of 25 percent of the total grant amount.

Highway Safety Plan

In FY 2015, the Highway Safety Plan qualified Georgia for \$12,947,277 in federal funds for highway safety activities.

OHS should continue to work with DPS, GDOT, and other highway safety partners to develop a data-driven Strategic Highway Safety Plan to remain eligible for federal Highway Safety Improvement Program (HSIP) funding. The Moving Ahead for Progress in the 21st Century (MAP-21) congressional act requires state departments of transportation to have a Strategic Highway Safety Plan to qualify for HSIP,

which provides lump sums of federal funds for improvements to Georgia's roads and highway safety. In FY 2014, the state allocated approximately \$73.8 million in HSIP funds, which the Strategic Highway Safety Plan helped secure.

Department of Public Safety
 ZBB Program: Office of Highway Safety

Key Activities

Activity	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Administration	Provides executive leadership, procurement, budget, communications, and program oversight for the agency.	OCGA 41-10-1	5.2	284,912	590,971
Highway Safety Plan	OHS is tasked with compiling state highway safety statistics, education plans, program overviews, grant applicant instructions, and other grant information for Georgia's Highway Safety Plan. This plan is submitted to the National Highway Traffic Safety Administration as required by the Highway Safety Act of 1966.	OCGA 41-10-1	2.8	284,912	580,971
Drivers Education Training	Provides student driver training resources in the form of: driving simulators, student scholarships, student driver education, and student driver research in accordance with Joshua's Law.	OCGA 40-5-22; OCGA 15-21-179;OCGA 15-21-181	2.0	5,665,150	2,913,895
Law Enforcement Grant Administration	Serves as the State Administering Agency for federal highway safety grants for Georgia law enforcement agencies. GOHS assists law enforcement entities with applications and collects and disperses federal grant funds for highway safety and education.	OCGA 41-10-1; 23 USC 410	7.8		4,146,290
Non-Law Enforcement Grant Administration	Serves as the State Administering Agency for federal highway safety grants for Georgia non-law enforcement agencies. GOHS assists non-law enforcement entities with applications and collects and disperses federal grant funds for highway safety and education.	OCGA 41-10-1; 23 USC 402	5.2		13,711,119
Total			23	6,234,974	\$21,943,246

Department of Public Safety
 ZBB Program: Office of Highway Safety

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$2,153,368	\$2,236,360	\$2,458,558
Regular Operating Expenses	423,568	1,556,050	2,727,607
Motor Vehicle Purchases		24,708	
Equipment		1,810,072	10,000
Computer Charges	59,863	67,802	152,900
Real Estate Rentals	96,367	106,292	140,882
Telecommunications	62,863	74,182	43,800
Contractual Services	1,630,650	3,184,235	1,334,895
Grants and Benefits	7,756,732	10,164,738	15,074,604
Total Expenditures	\$12,183,411	\$19,224,439	\$21,943,246
Fund Type			
State General Funds	551,643	6,157,716	3,494,886
Other Funds	470,945	369,525	536,282
Federal Funds	\$11,160,823	\$12,697,198	\$17,912,078
Total Funds	\$12,183,411	\$19,224,439	\$21,943,246
Positions	22	23	23
Motor Vehicles	6	6	6

Department of Public Safety
 ZBB Program: Office of Highway Safety

Performance Measures

Agency Purpose:

The purpose of the Governor's Office of Highway Safety is to reduce the number of fatalities and injuries that annually occur on Georgia highways. GOHS provides traffic data and analysis to local jurisdictions to assist in their adoption of programs designed to increase highway safety. GOHS statewide highway safety awareness campaigns utilize private partners, public partners, and media outlets to disseminate highway safety statistics and educational materials to Georgia citizens.

Program Purpose:

The purpose of the program is to educate the public on highway safety issues, and facilitate the implementation of programs to reduce crashes, injuries, and fatalities on Georgia roadways.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Fatalities per 100 million miles driven (VMT)	1.12	1.09	N/A	N/A
2. Percentage of child safety seat usage per federal fiscal year	98.6%	99.4%	99.6%	97.4%
3. Percentage of safety belt usage per federal fiscal year	92.0%	95.5%	97.3%	97.3%
4. Number of drivers age 20 and under in fatal crashes	158	156	153	N/A
5. Number of counties served by grants	54	70	67	52
6. Number of students successfully completing scholarship-funded driver education courses at TCSG	N/A	N/A	N/A	149*
7. Transportation safety groups participating in grant programs	101	84	72	64
8. Number of law enforcement entities receiving grants	76	115	108	69
9. Total amount of law enforcement grant awards disbursed	\$4,366,600	\$5,198,990	\$5,169,390	\$4,841,370

*Includes students enrolled from May 1-June 30, 2015.



FY 2017 Zero-Based Budget Analysis

Board of Regents of the University System of
Georgia

ZBB Program: Enterprise Innovation Institute

Executive Summary

- State support of EI² will increase in FY 2016 from approximately \$7.2 million to \$8.6 million, which represents about 47 percent of its total budget.
 - To assist in evaluating the impact of the many programs operating within EI², the institute should provide more detailed information regarding the types of businesses benefitting from its services and how this positively impacts economic activity in Georgia.
-

Program Overview

The Enterprise Innovation Institute (EI²) began operations in 1980, making it one of the longest running economic development programs in the U.S., and it serves as one of the state's primary economic expansion tools. The Institute functions as the umbrella organization for 14 economic development programs which target different industries across the state to provide technology commercialization, entrepreneurship support, and extension services to businesses and industries. Each EI² program has a distinct purpose and function and serves businesses, manufacturers, entrepreneurs, and the faculty and students at Georgia Institute of Technology (Georgia Tech). Each year, EI² works with more than 2,500 organizations to provide training, education, and connections to the University System of Georgia's resources and partner organizations.

The principal programs of EI² include:

- **VentureLab:** It focuses on commercialization of technology and provides support to all Georgia Tech faculty, research staff, and students who want to form startup companies based on their research. VentureLab is located at Technology Square at Georgia Tech.
- **Advanced Technology Development Center (ATDC):** This tool is a technology-based startup business incubator located at Technology Square.
- **Georgia Manufacturing Extension Partnership (GaMEP):** It provides technical expertise, networking, coaching and other business support services to Georgia manufacturers across the state.

- Georgia Tech Procurement Assistance Center: This resource helps businesses identify, bid, and obtain government contracts.
- Minority Business Development Agency: It helps minority businesses access capital, increase profits, create jobs, and become sustainable.
- Health IT Extension Program (Health@EI²): This program offers assistance to healthcare providers as they apply technology in their delivery of healthcare to improve safety, reduce costs, and engage individuals in managing their own health.
- Startup Ecosystems: This resource helps governments, communities, foundations, entrepreneurs, and small businesses foster innovation by applying creative ideas, technology, and policy to initiatives focused on economic growth.

EI² has a number of partnerships with other state economic development programs for both delivery and referral of services. The institute partners with the Georgia Department of Economic Development (GDEcD) for industry recruitment and expansion in the state. EI² industry services are offered as part of GDEcD's incentives package for new industry moving to Georgia, and GDEcD regional managers refer industry clients to the EI² GaMEP regional offices. The University of Georgia Small Business Development Center also partners with EI² for appropriate referral of business services and periodically to jointly deliver services.

As part of the increased focus by EI² on the support and development of Technology Square, EI² facilitates the location of corporate innovation centers next to Technology Square and Georgia Tech. Home Depot and Coca-Cola currently operate innovation centers at Technology Square and, in 2015, Southern Company announced it would open an energy innovation center to develop ideas for electricity use.

EI² believes that their biggest opportunities involve expanding partnerships with local communities for deployment of both entrepreneurship and business development programs in the mid-sized cities of Georgia. EI² is now partnering with incubator programs in Augusta and Athens to bring expertise in growing startup companies to these cities.

State support of EI² increased from \$7,274,704 in FY 2015 to \$8,590,935 for FY 2016 to fund three faculty positions and provide additional space for ATDC's advanced computing program. State appropriations comprise 44 percent of its total budget of \$19,490,935 in FY 2016. Federal contracts represent 34 percent of the budget and include 27 active contracts with eight federal agencies, including the Department of Commerce, Department of Energy, and the Defense Logistics Agency. The remainder of EI²'s budget comes from fees received from clients (15%) and funds from Georgia Tech and its foundation (6%). Because EI² is a service-based entity, personal services comprise 77 percent of the program's total expenditures.

ATDC and GaMEP are the two largest programs under the EI² umbrella.

VentureLab and Advanced Technology Development Center (ATDC)

ATDC is Georgia Tech's incubator for startup companies and its functions align closely with the activities of the VentureLab. ATDC provides selected participants with access to venture capital, technical assistance, business coaching, and close access to other experts in different fields. ATDC is highly ranked and has assisted in the creation of approximately 160 companies since its inception, including EarthLink.

Companies typically remain at ATDC for one to three years. A company graduates from ATDC when the company either reaches \$1 million in sales, is bought out by another company, or receives funding that allows it to become self-sustaining. Though not every company becomes a graduate, 13 companies graduated from ATDC in 2015. Companies housed at ATDC are not required to remain in Georgia after graduating since they are independent entities. However, the vast majority of companies remain in the state after leaving the incubator because they become part of the community.

VentureLab works with startup companies for the practical application of innovations and intellectual property developed at Georgia Tech. VentureLab selects companies based on scalability, meaning the companies are poised to grow and have the potential to be standalone companies that create jobs in the state. For example, one of Governor Nathan Deal's state initiatives includes continuing to build on Georgia's leadership in the field of biotechnology, which is expected to create thousands of highly skilled job opportunities. The Atlanta-based startup, Clearside Biomedical, plans to develop microinjection technology that will use hollow microneedles to precisely target therapeutics within the eye. Clearside was formed with the assistance of Georgia Tech's VentureLab program, which helped obtain early-stage seed funding from the Georgia Research Alliance at the Board of Regents. It also helped launch the company, which has received \$4M in venture capital investment.

In 2011, the U.S. Department of Commerce sponsored a study to determine the best practices that identify successful business incubation programs. The study found 11 key practices for success. The practices of EI² met all 11 criteria, such as the following:

- Selecting clients based on potential for success, reviewing client needs at entry, and showcasing clients to the community and potential funders
- Having a robust payment plan for rents and service fees
- Collecting data for multiple years
- Having public sector support from government agencies and colleges or universities

Georgia Manufacturing Extension Partnership (GaMEP)

EI² provides technical assistance and industry education to manufacturers, primarily through the GaMEP program. GaMEP has nine regional offices across the state providing technical expertise in production and manufacturing, networking, coaching, and other business support services. The regional offices are staffed with experienced engineers who are experts in their fields and engage directly with the business community. According to the 2014 Annual Report, EI² served 1,440 Georgia manufacturing companies, helping them to increase sales by \$219 million.

GaMEP partners with local chambers of commerce, colleges, and universities to provide training and networking opportunities for businesses. The partnership focuses on providing client services to small and medium companies which often do not have the internal staff to provide in-depth training. For example, the E-Z-Go company, headquartered in Augusta, manufactures golf carts and other personal

transportation vehicles. The company engaged GaMEP to provide training in Lean/Process Improvement Services, and after participating, E-Z-Go gained \$500,000 in new sales, identified and implemented \$250,000 in cost-saving initiatives, and increased safety for employees.

Results and Recommendations

EI²'s performance measures reported to the state currently reflect a summary of metrics from all of the programs. To assist the state in seeing the impact of the many programs operating within EI², the institute should report the number of enterprises and/or stakeholders served for each of the 14 programs offered. This would provide the state a more detailed account of which types of businesses are benefitting from EI²'s services.

EI² supplements state funding with federal grants and client fees and uses these funds to positively impact Georgia's economy. EI² calculates the monetary impact generated per state appropriated dollar using a formula based on the economic activity surrounding EI²'s various programs. Examples of economic impact include the following: increases in sales, increased efficiencies, and the attainment of new contracts/and or clients. To facilitate evaluation, EI² should provide more information to the state on the types of data used to calculate the impact of the state's investment in EI² activities.

Similarly, EI²'s performance is also measured by the number of jobs created or saved through the activities of the programs. The institute should report the number of jobs created or saved and the general category of those jobs (service industry, manufacturing, etc.) for each of the programs offered. The data would also provide the state with a more detailed account of which industries are benefitting from the services provided and connect the information with its strategic initiatives.

A key economic indicator for Georgia is the long-term impact that incubator services provided by EI² have on the state's economic output. Data should reflect the state's economic objectives beyond manufacturing that are also being aligned with and supported by EI² programs. EI² should have a clear and consistent methodology for reporting to the state the impact of all incubator services. The data should include the following:

- The number of startup businesses that graduate from the incubator each fiscal year
- The number of startup businesses that are still in operation at least five years after graduating from the incubator
- (Since not all startups entering the incubator graduate from the program) the number of startup businesses that are still in operation at least five years after exiting from the incubator
- The number of incubator graduates that continued to grow, creating more jobs and economic returns to the state

Because EI² collects data on the types of startups assisted each year, the institute should develop a methodology to report the industry sectors pertaining to the startups. For example, these sectors could include manufacturing or biotechnology. In addition, EI² should obtain feedback from incubator graduates as to their reasons for remaining in or leaving the state. The state could use the information to develop connections with other state economic development projects, as well as identify trends from the data.

EI² should budget using the standard object classes of personal services, regular operating expenses, equipment, computer charges, telecommunications, contractual services and grants and benefits, rather than unique object classes.

EI² should amend the FY 2016 budget by 51 positions to accurately reflect 132 authorized positions.

EI² should amend the FY 2016 budget by two vehicles to accurately reflect two authorized motor vehicles.

Board of Regents of the University System of Georgia
 ZBB Program: Enterprise Innovation Institute

Key Activities

Activity *	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Georgia Manufacturing Extension Partnership	GaMEP provides technical expertise, networking, coaching, and other business support services delivered from nine regional offices located throughout the state.		49.0	\$1,930,010	\$4,508,288
Entrepreneurship Support and Startup Company Development	Entrepreneurship education and incubation services provided through the Advanced Technology Development Center (ATDC) Incubator program to start up companies that have the potential for scalability. Coaching services, networking, access to capital and expertise are provided through the ATDC.		26.0	\$2,161,025	\$4,895,981
Technology Commercialization	The VentureLab program works with Georgia Tech faculty, researchers, and students in evaluating research innovations. Staff assist in the formation of new companies based on intellectual property. Research innovations are used to draw investments and create jobs within the state.		14.0	\$738,865	\$1,669,769
Business and Community Growth Services	EI ² currently manages 11 additional economic development and outreach type programs (plus GaMEP, ATDC and Venturelab) to help grow businesses and improve community economic development with direct assistance throughout the state. These programs include the Startup Ecosystems program, the Georgia Tech Procurement Assistance Program (GTPAC), the Minority Business Development Center (MBDC), and Health IT Extension Services. Businesses pay service fees to access these programs.		43.0	\$3,761,035	\$8,416,897
Total			132.0	\$8,590,935	\$19,490,935

* (Listed in priority order as determined by Agency)

Board of Regents of the University System of Georgia
 ZBB Program: Enterprise Innovation Institute

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$13,134,708	\$13,363,883	\$15,153,858
Regular Operating Expenses	3,448,836	3,327,177	1,947,983
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
OE - Sponsored Operations	1,808,460	1,464,223	2,389,094
Total Expenditures	\$18,392,004	\$18,155,283	\$19,490,935
Fund Type			
State General Funds	\$7,187,612	\$7,274,703	\$8,590,935
Other Funds	11,204,392	10,880,581	10,900,000
Total Funds	\$18,392,004	\$18,155,284	\$19,490,935
Positions	138	127	132
Motor Vehicles			2

Board of Regents of the University System of Georgia
 ZBB Program: Enterprise Innovation Institute

Performance Measures

Agency Purpose:

The University System of Georgia (USG), through its 30 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 advise Georgia manufacturers, entrepreneurs, and government officials on best business practices and technology-driven economic development, and to provide the state share to federal incentive and assistance programs for entrepreneurs and innovate businesses.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of enterprises and/or stakeholders served	8,795	9,428	9,570	5,400*
2. Economic impact in dollars generated per state appropriated dollar	\$356	\$208	\$180	\$184
3. Number of jobs created or saved	25,023	25,554	23,825	22,827
4. Number of startups served during a fiscal year (Proposed)	322	403	505	500
5. Number of startups that graduate from EI ² incubator and become scalable businesses (Proposed)	7	5	3	13
6. Capital investment in current incubator companies (Proposed)	\$222,000,000	\$162,000,000	\$271,000,000	\$200,000,000
7. Number of technology jobs in current and graduate incubator companies (Proposed)	5,288	7,396	7,133	7,800
8. Number of startups graduating from EI ² incubator that remain in Georgia (Proposed)	N/A	N/A	N/A	N/A

*The number of enterprise and/or stakeholders served decreased by approximately 4,000 in FY 2015 due to the relocation of the Alternative Media Access Center (AMAC) from EI² to the College of Architecture at Georgia Tech. AMAC is a research and service center providing expertise, tools and technology to for K-12 educators, corporations, non-profits, and government institutions throughout the United States, to give equal access to education and work for individuals with disabilities. The state dollars received by EI² were not directly used by AMAC as this program is self-supporting through grant funding.



FY 2017 Zero-Based Budget Analysis

Board of Regents of the University System of
Georgia

ZBB Program: Forestry Cooperative
Extension; Forestry Research

Executive Summary

- The Forestry Cooperative Extension and Forestry Research programs should collaborate with the Office of Planning and Budget to refine existing and develop new performance measures.
 - The programs will adjust the position count to accurately reflect the number of positions.
-

Program Overview

The Forestry Cooperative Extension and Forestry Research programs of the University System of Georgia are housed within the Warnell School of Forestry and Natural Resources at the University of Georgia. The programs focus on the sustainment of Georgia's natural resources, as well as their role in economic development. Forest products, pulp, paper, and other related industries contribute more than \$20 billion to Georgia's economy annually. Additionally, the Warnell School supports wildlife (fish and game) and other outdoor activities.

The Forestry Cooperative Extension and Forestry Research programs primarily address long-term planning and research issues, which differentiates the programs from other state forestry organizations, such as the Georgia Forestry Commission (GFC). GFC focuses more on immediate needs and seedling supplies for landowners. The Forestry Cooperative Extension and Forestry Research programs complement the mission of the Warnell School: to prepare future leaders in conservation and the sustainable management of forests and other renewable natural resources; to discover improved methods for the restoration and utilization of the earth's renewable natural resources; and to place the latest ideas and technology in forestry and natural resource management into real world applications.

Both forestry and research programs work with a variety of stakeholders, including other state and federal agencies. This collaboration, for example, results in partnerships, certification provision, and continuing education opportunities for employees of the U.S. Forest Service and Georgia Department of Natural Resources. The programs also works with state agencies to develop protocols for state

conservation programs, diagnoses of state forest health issues, regeneration, and vegetation management. These same resources are available for citizens looking to maximize their forestry management efforts, as well as County Extension Agents who provide support and access to information for a variety of communities throughout the state.

A large amount of activity focuses on academic and applied research in the fields of sustainability, conservation, and restoration of wild lands and natural resources. The Warnell School has received much attention for some of its projects emerging from the Plantation Management Research Cooperative, which has conducted research to develop modern forest management tools since 1975. Warnell has also been recognized for the work of the Forest Operations Research Program, which is addressing ways to help the wood supply system perform more efficiently and become more competitive globally. For example, this work led to the development of a quarterly logging cost index reported by Timber Mart-South. The index helps identify ways to maximize truck payloads, compares methods of harvesting forest biomass residues efficiently, and tracks changes in Georgia's logging business demographics. Research published by Timber Mart-South (a non-profit organization based in Warnell and run by Warnell faculty) is widely used by the forest industry and the global financial community.

Warnell faculty provide a wide array of research services to the USDA Forest Service. In fiscal year 2015 the Warnell School received over \$2.4 million in federal grants to support research on topics such as hydrology, forest pests, bioenergy, and forest-related social science activities.

Between the two programs there are 58 full-time, benefit-eligible faculty and staff. While a majority of these positions support the research program, the equivalent of eight full-time positions support the outreach and service delivery activities of the extension program. Many of the activities in both programs complement each other, support each other, and use cross disciplinary efforts to accomplish their missions, with the exception of K-12 educational programs, which are supported solely by the extension program. Educational support for K-12 students includes the 4-H Forestry field day programs; public web resources on forestry, invasive species, insects and diseases; and master gardener training available to K-12 teachers and students.

The Warnell School maintains 87 vehicles that are shared between the programs. Thirty of these vehicles are available for checkout by faculty, staff, or graduate students of the Warnell School. Revenue from rental prices paid by users support vehicle maintenance and replacement. Another 32 vehicles support research activities and are purchased with grant funding or other external funding. Staff and faculty use an additional fleet of 24 vehicles for activities that include development, outreach, and management of the approximately 24,000 acres of land the school manages around the state. These vehicles are purchased with state and external funding.

Results and Recommendations

In an attempt to offset continued reductions in state funding occurring since 2008, the Warnell School has worked to find efficiencies in the distribution of information to stakeholders through increased use of technology. Information and "how-to" explanations of common forestry questions or concerns are now delivered through downloadable pamphlets, smart applications, or YouTube videos. While these options are highly efficient and accessible to a broader audience, there are no performance measures

utilized to measure the impact or usage. OPB recommends the collection of usage and financial impact data on services offered through technology.

Historically, activities under the Forestry Research and Forestry Cooperative Extension programs were jointly funded through the Agriculture Experiment Station and the Teaching program. These funds were transferred into separate programs in FY 2006 as recommended by the governor. The transfer was made to comply with the budgeting practices mandated by the McIntosh-Stennis Act, which required that Forestry Research and Forestry Cooperative Extension funds be tracked separately. While the research and extension programs have some different underlying goals, both programs complement the work and outcomes of the other. OPB recommends further studying whether to combine the programs into a single program called Forestry Research and Extension under the Board of Regents of the University System of Georgia. The activities, expenditures, and budgets could maintain their individual integrity as two separate subprograms housed within the new program. This move could provide a simpler budgeting process for administrative staff, as many of the faculty, activities, and equipment are currently jointly funded through both the research and extension programs.

Currently, the program uses unique object classes, such as Sponsored Operations. These funds primarily account for grant funding or restricted activities. OPB recommends eliminating the use of unique object classes. The program should use standard object classes for personal services, regular operating expenses, equipment, computer charges, telecommunications, and contractual services.

The FY 2016 annual operating budget for the Forestry Cooperative Extension reflects a total of 13 full-time benefit-eligible faculty and staff positions. The position count should be corrected to accurately reflect the actual eight full-time employees.

The FY 2016 annual operating budget for Forestry Research reflects a total of 69 full-time benefit-eligible faculty and staff positions. This number should be corrected to accurately reflect the actual full-time employee count of 50.

OPB recommends clarification for the performance measure in the Forestry Cooperative Extension program, "Number of service participants per full-time equivalent," by having it read "Number of service participants per full-time equivalent faculty."

OPB recommends including an annually reported performance measure that tracks the success rate of research proposals, in addition to the actual number of proposals made annually.

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

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Support for the Forestry Products and Natural Resources Industry	Support for forestry products and the natural resources industry include continuing education courses for foresters and natural resource managers on forest herbicides, pine straw production, longleaf pine management, and prescribed fire certification. This involves making herbicide recommendations to maintain forest health and pest management.		1.8	\$186,399	\$318,876
Support for K-12 Students & Citizens of Georgia	Support provided to K-12 students and citizens includes the 4-H forestry field day programs, public web resources on forestry, invasive species, insects and diseases, and invasive species training for the master gardener program.		2.6	267,442	457,518
Support for Non-Industrial Private Landowners	Support to non-industrial private landowners includes the support and training for County Extension Agents, assistance for landowners on forestry management options and recommendations, and diagnosis of forest health issues, forest regeneration, and vegetation management problems.		1.6	162,086	277,284
Support for State & Federal Forestry and Natural Resources Agencies	The Forestry Cooperative Extension provides continuing education programs on invasive species management, forest vegetation management and provides the course for certification of the US Forest Service National Advanced Silviculture Program. This activity also includes the development of forest herbicide protocols for state conservation programs, as well as the diagnosis forest health issues, forest regeneration, and vegetation management problems for State and Federal agencies.		1.9	194,503	332,741
Total			8.0	\$810,431	\$1,386,419

* (Listed in priority order as determined by Agency)

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

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$830,368	\$611,795	\$1,060,532
Regular Operating Expenses	159,260	117,833	139,012
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
OE - Sponsored Operations	102,553	55,066	186,875
Total Expenditures	\$1,092,182	\$784,693	\$1,386,419
Fund Type			
State General Funds	\$495,191	\$502,941	\$810,431
Other Funds	596,991	281,752	575,988
Total Funds	\$1,092,182	\$784,693	\$1,386,419
Positions	5	8	8
Motor Vehicles			

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

Performance Measures

Agency Purpose:

The University System of Georgia (USG), through its 31 public colleges and universities, is charged with providing a higher education system. 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 funding for faculty to support instruction and outreach about conservation and sustainable management of forests and other natural resources.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of public service publications	110	63	62	78
2. Number of service participants per full-time equivalent faculty	1,843.78	1,282.00	2,378.57	1,834.78
3. Number of service programs for outreach on forestry conservation	158	166	278	201

Board of Regents of the University System of Georgia
 ZBB Program: Forestry Research

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Forest and Wild-land Sustainability, Conservation, and Restoration Research	This research includes forest modeling at a landscape level, climate adaptation and mitigation in southern pines, sustainability of wood-based energy systems, and the conservation and restoration of forest trees threatened by exotic pests and pathogens. Researchers also examine the genetic structure of marine turtle populations in the southeastern US, as well as the development of large scale bird conservation plans.		13.5	\$718,304	\$3,485,919
Forest Product Industry Research	This activity includes research on the development and testing of methods for addressing large-scale complex forest planning problems, which involves the study of quantitative issues relating to the growth and yield of forest, destructive and nondestructive assessment of wood quality, and the mechanical and physical property testing of solid and engineered wood. Faculty are also involved in timber market modeling and increasing the international competitiveness of southern forest industry, while conducting market analysis of the forest products industry.		9.5	505,473	2,453,054
Support for Non-Industrial Private Landowners	This activity creates value for forest landowners by improving knowledge of plantation performance under different silvicultural regimes. This includes developing growth and yield systems that accurately portray plantation behavior affecting stand value and decision tools that help managers meet objectives. Researchers work to understand patterns of invasion by non-native insect pests, the impact of ad-veloem tax policy on landowners, and how to manage damages.		7.0	372,454	1,807,514
Support for State and Federal Forestry and Natural Resources Agencies	This activity provides support in ecology and management of wildlife populations, including the physiology, nutrition, and genetics in wildlife management. Researchers provide forest-based ecosystem services, analyses on the impact of forest management regimes on wildlife populations, and are currently conducting the USDA Forest Service's National Survey on Recreation and the Environment (NSRE).		9.5	505,473	2,453,054
Forest Related Natural Resource and Environmental Research	Researchers examine environmental impacts of forest management, ecosystem management, land application, and treatment of waste and wastewater. Research is conducted by applying spatial data and modeling techniques to ecological and social systems to measure patterns and processes and to explore the interactions between coupled natural and human systems. Other issues examined include ecological impacts of harmful algal blooms in freshwater and marine systems on fish and wildlife, quantifying how nutrient and hydrologic cycles control the chemistry of forest soils, among other projects.		10.5	558,681	2,711,271
Total			50.0	\$2,660,386	\$12,910,812

* (Listed in priority order as determined by Agency)

Board of Regents of the University System of Georgia
 ZBB Program: Forestry Research

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$8,022,947	\$7,507,308	\$8,980,626
Regular Operating Expenses	1,337,074	1,371,128	1,180,186
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
OE - Sponsored Operations	2,971,186	4,411,167	2,750,000
Total Expenditures	\$12,331,207	\$13,289,602	\$12,910,812
Fund Type			
State General Funds	\$2,562,254	\$2,651,747	\$2,660,386
Other Funds	9,768,953	10,637,855	10,250,426
Total Funds	\$12,331,207	\$13,289,602	\$12,910,812
Positions	58	48	50
Motor Vehicles*			87

* Motor Vehicle numbers reflect both Forestry Research and Forestry Cooperative Extension motor vehicles.

Board of Regents of the University System of Georgia
 ZBB Program: Forestry Research

Performance Measures

Agency Purpose:

The University System of Georgia (USG), through its 31 public colleges and universities, is charged with providing a higher education system. 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 conduct research about economically and environmentally sound forest resources management and to assist non-industrial forest landowners and natural resources professionals in complying with state and federal regulations.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. External sponsored research funds generated	\$8,570,581	\$9,205,118	\$7,975,043	\$8,583,581
2. External funds earned per each state dollar	\$3.32	\$3.57	\$3.11	\$3.33
3. Number of research proposals	222	202	206	210
4. Number of research publications	179	330	288	266
5. Percentage of research proposals that were awarded funding (Proposed)	N/A	N/A	N/A	N/A



FY 2017 Zero-Based Budget Analysis

Department of Revenue

ZBB Program: The Office of Special Investigations

Executive Summary

- The Department of Revenue's Office of Special Investigations (OSI) investigates tax fraud and motor vehicle title fraud in an effort to protect taxpayers from identity theft and to recover revenues due to the state. OSI performs these functions through its divisions of Fraud Detection, Tax Crimes, Auto Crimes, and Physical Security Investigations and Building Operations.
 - The OSI program was created in fiscal year 2010 as part of a department-wide program restructure.
 - The program is responsible for identifying tax fraud schemes and potentially fraudulent tax returns filed with the state. As the department deploys new fraud management software within the Integrated Tax System (ITS), funding for this activity should be transferred to the OSI program.
 - The program's performance measures are inconsistent year over year and do not adequately reflect the performance of the program and its employees. The department and OPB will collaborate to establish performance measures that more appropriately determine the effectiveness of the program's activities.
-

Program Overview

The Office of Special Investigations is responsible for protecting Georgia's taxpayers by investigating fraudulent tax returns and criminal activities related to taxes and motor vehicle titling. The program employs eight criminal investigators for tax crimes, three for auto crimes, and 16 tax examiners for fraud detection. In addition, two investigators are assigned to joint task forces to investigate tax crimes in hospitals, pharmacies, and airports.

In FY 2010, this program separated from Revenue Processing to become the Litigations and Investigations program. This move was part of an effort across the department to realign the program structure in the budget. In FY 2013, the Physical Security Office, Building Operations, and Mailroom were transferred from the Departmental Administration program to the OSI program.

The Fraud Detection division in OSI works to prevent individuals from receiving fraudulent tax refunds. The division works with other states to identify tax fraud schemes and with the Information Technology program within the agency to automatically screen for potentially fraudulent returns filed through the Integrated Tax System. The 16 tax examiners within the division review any tax returns flagged by the system to determine whether they may have been filed fraudulently. The examiners may contact taxpayers to verify information or may alert a taxpayer that a return was filed in his or her name fraudulently. In addition to protecting state assets by preventing the distribution of fraudulent refunds, the division serves an important consumer protection role for Georgia taxpayers by notifying them of fraudulent financial activity.

The Tax Crimes division in OSI identifies instances of criminal tax fraud or evasion and works to build cases against individuals suspected of tax crimes. The eight criminal investigators in this division may receive tips for cases from the Tax Fraud division, for instance, if employees in the Tax Fraud division identify a recurring identification number on a large number of fraudulent returns. The investigators gather evidence and documentation of tax fraud or evasion on a suspect and then work with local law enforcement authorities to arrest and prosecute individuals. In addition to identifying and halting criminal tax activity by working to build prosecutable cases, the division will often recover funds due to the state and even defrauded taxpayers. Finally, the division works with other law enforcement agencies to build awareness of tax crimes that occur as a result of other criminal enterprises. This collaboration enables tax evasion charges to be included in any case brought against someone suspected of these activities and ultimately allows the state to recoup revenue.

The Auto Crimes division of OSI tracks vehicle identification numbers (VIN) to identify title fraud for stolen vehicles that are resold with fraudulent titles. As with the Tax Crimes division, the Auto Crimes division works with local law enforcement to build case files, make arrests, and support the prosecution of individuals for title fraud. With only three investigators in this division responsible for the whole state, the department advocates for the expansion of this division to address an increasing number of cases.

Finally, the Physical Security and Investigations (Internal Affairs) and Building Operations divisions were transferred to the OSI program from the Departmental Administration program in FY 2013. These divisions provide physical security for DOR facilities through access cards and management of the private security contract, while also investigating accusations of fraud and misconduct committed by DOR staff. In addition, this division maintains the responsibilities for record retention and disposal and mailroom screening for the Century Center and Southmeadow Offices. Originally transferred due to internal management restructuring, these functions do not directly relate to the core mission of the OSI program.

Results and Recommendations

The Department of Revenue is the only agency allowed to view individual citizens' tax records and returns. Therefore, investigations of tax fraud cannot be transferred to another law enforcement agency within Georgia. In addition, OSI focuses on proactively preventing tax fraud before it occurs, requiring daily oversight and management in all tax fraud areas of the OSI program.

Since they are not part of the core mission of the OSI program and since they support all of DOR's programs, the building operations, mailroom, and physical security functions should be transferred back to the Departmental Administration program. Properly realigning these divisions with Departmental Administration will reduce the OSI program's budget by \$641,413, and transfer nine positions.

Additionally, the OSI program is responsible for ensuring DOR's Information Technology program is aware of and implementing initiatives aimed at preventing tax fraud and tax fraud schemes through the automatic flagging or blocking of potentially fraudulent returns. DOR has taken a proactive step by ending its contract with Lexis Nexis and purchasing a fraud manager module that will be supported and managed within the ITS program. However, because the \$1,250,000 purchase replaces the fraud manager contract paid through the Fraud Detection and Prevention program, appropriate funding should be transferred to the OSI program.

Finally, the program has prioritized adding additional investigators to address more tax and motor vehicle title fraud cases. However, the program's current performance measures make it difficult to accurately track the impact of the work performed year over year. A few large fraudulent returns blocked by the program can skew the total amount of fraud blocked in a given year, making it difficult to track year over year performance based on dollars. It is also difficult to establish a relationship between returns reviewed and fraud reversed or prevented, as well as between returns reviewed and investigatory cases and subsequent arrests.

Furthermore, few current measures can help determine the amount of revenues the investigatory divisions were able to return to the state as a result of successful arrests and prosecutions. While the program performs important services, both in the protection of taxpayers and the deterrence of tax crime, the lack of clear data regarding the outcomes of these activities makes justifying additional staff difficult at this time.

Finally, performance measures need to more effectively identify the value provided by the OSI program, allowing the program to then delineate the data and trends that support the rationale for additional employees. OPB and the department will work together to develop more appropriate measures for the OSI program to better demonstrate the effectiveness and needs of its individual divisions.

Department of Revenue
 ZBB Program: The Office of Special Investigations

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Tax Crimes	Identifies and assists in building cases against individuals for tax fraud (sales tax and individual income tax returns); Gathers evidence, holds interviews of witnesses/suspects; Gathers related documents to build a case file; Writes and executes search and arrest warrants; Shares case files (contains evidence) with local prosecutors; Works directly with District Attorneys to identify criminal activity in their jurisdiction; Performs undercover operations to identify fraudulent activity; Assists the state to recoup stolen funds.	OCGA 48-2-1	8	\$822,705	\$823,847
Fraud Detection	Works to block individuals from filing and receiving fraudulent tax refunds; Identifies and develops schemes for investigations; Coordinates with other states through the integrated tax system (GenTax); Shares data through the FTA Suspicious Filers Exchange Group; Collaborates with the department's IT division to combat fraud by identifying patterns and implementing fraud rules quickly; Protects consumers from identity theft.	OCGA 48-2-1	16	1,542,572	1,551,584
Auto Crimes	Identifies and assists in building case files against individuals for title fraud; Works with local law enforcement to recover stolen vehicles; Collaborates with The Department of Natural Resources to identify and investigate vehicles with fraudulent emissions tests; Contributes vehicle history to the Georgia Registration and Title Information System (GRATIS); Protects consumers from identity theft.	OCGA 40-3-90; OCGA 48-2-1	3	308,514	308,942
Task Force Officers	Participates in the Federal-Joint Taskforce; Identifies and assists in investigating individuals in identified areas: airport, hospitals, pharmacies.	OCGA 48-2-1	2	205,676	205,962
Executive	Oversees administration of this program; Director, Chief Investigator, Administrative Assistant.	OCGA 48-2-1; OCGA 48-2-6	3	308,514	308,942
Physical Security & Investigations (Internal Affairs)	Provides physical security for all offices including access and card badging, video cameras, access restriction, and emergency evacuation; Manages the private security contract; Responsible for internal affairs investigation of employees; Investigates threats made to DOR and its employees.	OCGA 48-2-1	1	102,838	102,981
Building Operations	Determines final status of the department's records; Retains, transfers, or disposes of sensitive data and records; Witness and report when records are disposed of properly.	OCGA 48-2-1	4	332,246	333,879

Activity *	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Mailroom	Screens mail for security purposes; Moves mail through Century Center and the Southmeadow Office; Provides security for bank runs.	OCGA 48-2-2-1	4	332,246	333,879
Total			41	\$3,955,313	\$3,970,016

* (Listed in priority order as determined by Agency)

Department of Revenue
 ZBB Program: The Office of Special Investigations

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$2,740,373	2,954,293	\$2,954,057
Regular Operating Expenses	242,486	304,647	193,685
Motor Vehicle Purchases	0	38,036	0
Equipment	0	9,261	0
Computer Charges	10,654	31,094	8,875
Real Estate Rentals	315,070	322,937	215,215
Telecommunications	93,407	103,034	98,973
Contractual Services	424,587	486,336	484,508
Total Expenditures	\$3,826,577	\$4,249,638	\$3,955,313
Fund Type			
State General Funds	\$3,818,823	3,961,427	\$3,955,313
Other Funds	7,753	264,360	-
Federal Funds	0	23,851	0
Total Funds	\$3,826,577	\$4,249,638	\$3,955,313
Positions	43	43	43
Motor Vehicles	31	31	20

Department of Revenue
 ZBB Program: The Office of Special Investigations

Performance Measures

Agency Purpose:

The Department of Revenue is the principal tax-collecting agency for the State of Georgia. In addition to administering tax laws, the department is responsible for enforcing laws and regulations pertaining to the control of alcoholic beverages and tobacco products in Georgia, as well as motor vehicle tag and title administration. It also oversees county property tax systems and manages unclaimed property.

Program Purpose:

The purpose of this program is to investigate fraudulent taxpayer and criminal activities involving department efforts.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Amount of fraud prevented per fiscal year	\$117,334,717	\$53,979,816	\$32,671,531	\$312,895,381
2. Total number of returns reviewed	495,000	569,880	424,267	1,005,136
3. Number of returns reversed	164,427	106,949	55,251	65,982
4. Cases worked Vin/Title Fraud Unit	397	49	8	350
5. Arrests made Vin/Title Fraud	N/A	N/A	12	2
6. Cases investigated by Tax Special Agents	41	36	52	43
7. Cases prosecuted by Tax Special Agents	8	5	27	40
8. Arrests made by Tax Special Agents	7	4	75	53



FY 2017 Zero-Based Budget Analysis

Department of Revenue

ZBB Program: Technology Support Services

Executive Summary

- Technology Support Services develops, maintains, and integrates the business applications and associated infrastructure for the Department of Revenue.
 - Because Technology Support Services provides IT support across all other Department of Revenue programs, the true cost of services provided by the agency is understated. As a result, the program should be dissolved and its budget cost allocated across programs.
-

Program Overview

The Technology Support Services (TSS) program supports the Department of Revenue by providing information technology services across departmental programs. TSS provides IT support by managing the Integrated Tax System, the Georgia Registration and Titling Information System, document imaging, physical IT infrastructure, and third party IT contracts, while also providing executive leadership to enact DOR's priority IT projects.

The Integrated Tax System allows the Department of Revenue to store personal income, sales, and corporate tax information in one unified system. By housing all taxpayer information in one place, the Integrated Tax System enhances customer service by enabling taxpayers to address concerns and resolve disputes in an efficient manner. The Georgia Registration and Titling Information System (GRATIS), a centralized database, allows counties to provide the state with vehicle registrations and title processing information.

Results and Recommendations

Unlike the Department of Revenue, most state agencies do not consolidate all of their information technology services within one program; rather these services typically are part of administrative overhead costs or cost allocated to other departmental programs. The budget for Technology Support Services constitutes nearly 14 percent of the total Department of Revenue budget, and the applications supported by the program are integral to the business functions of other departmental programs. By consolidating all IT costs into one program, the budget understates the true cost of providing the services housed in other budgetary programs, which require IT support, and also

makes it difficult to determine the cost of supporting a given application. Additionally, separating IT from other program operations and administrative functions can create issues with system governance, making it more difficult to ensure proper oversight and input from both executive and business users during times of decision making. Therefore, the budget and expenditures for the Integrated Tax System and the Georgia Registration and Title Information System (GRATIS) should be transferred to the programs that these systems directly support. Budget and expenditures for activities that impact all programs or multiple systems, such as security applications, document imaging, and desktop support, should be appropriately cost allocated across the full department. Finally, remaining costs for the administration of IT should be transferred to the Departmental Administration program. This move will better align the budget with a governance model that more closely incorporates executive leadership in the decision making and budgeting process for department-wide IT expenditures.

Department of Revenue
ZBB Program: Technology Support Services

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Georgia's Tax System	Fully integrated tax processing application that handles all of Georgia's various tax types; Web based application from FAST Enterprises; Allows for better customer service since all of the tax information is now in one place.	OCGA 48-2-1	25	\$6,138,238	\$6,138,238
Motor Vehicle Tag & Title	Georgia Registration And Title Information System processes all vehicle titling and registration transactions for Georgia; Calculates & tracks payments for ad valorem taxes and various other fees; Issues tags, disabled person placards, titles; Interfaces with law enforcement, other agencies, and business partners; Currently operates as a mainframe application.	OCGA 48-2-1	14	5,093,011	5,093,011
Software Application Support	Application development for imaging for ITS, motor vehicle information, and in house financial documents; Developing Georgia's tax mobile app.	OCGA 48-2-1	13	5,552,154	5,552,154
Technology Support Services	Supports infrastructure (desktops, phones, printers); Project Management Office; Architect Management Office; Quality Management Office; Information Security Office.	OCGA 48-2-1	21	4,411,457	4,411,457
Vendor Management	Overall vendor relations; Contract review, monitoring, governance, and auditing of all GETS related contract activities; Manages inventory.	OCGA 48-2-1	3	779,548	779,548
Executive	Manage personal; work on projects where needed.	OCGA 48-2-1	4	3,347,189	3,347,189
Total			80	\$25,321,596	\$25,321,596

* (Listed in priority order as determined by Agency)

Department of Revenue
 ZBB Program: Technology Support Services

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$9,759,453	\$9,849,406	\$10,047,806
Regular Operating Expenses	185,361	277,829	195,000
Motor Vehicle Purchases	0	0	0
Equipment	0	1,507,119	0
Computer Charges	2,096,193	6,983,589.24	2,150,000
Real Estate Rentals	872,124	1,195,168	1,193,409
Telecommunications	8,058,152	8,869,362	9,704,286
Contractual Services	3,638,907	3,153,389	2,031,095
Total Expenditures	\$24,610,189	\$31,835,863	\$25,321,596
Fund Type			
State General Funds	\$24,272,367	\$25,237,182	\$25,321,596
Other Funds	\$337,823	\$6,598,680	\$0
Federal Funds	0	0	0
Total Funds	\$24,610,189	\$31,835,863	\$25,321,596
Positions	89	89	89
Motor Vehicles	0	0	0

Department of Revenue
ZBB Program: Technology Support Services

Performance Measures

Agency Purpose:

The Department of Revenue is the principal tax-collecting agency for the State of Georgia. In addition to administering tax laws, the department is responsible for enforcing laws and regulations pertaining to the control of alcoholic beverages and tobacco products in Georgia, as well as motor vehicle tag and title administration. It also oversees county property tax systems and manages unclaimed property.

Program Purpose:

The purpose of this appropriation is to support the Department of Revenue in information technology and provide electronic filing services to taxpayers.

Performance Measures

1. Number of support tickets submitted*

*This measure is to be moved to the Departmental Administration program.

Actuals			
FY 2012	FY 2013	FY 2014	FY 2015



FY 2017 Zero-Based Budget Analysis

Secretary of State

ZBB Program: Georgia Commission on the
Holocaust

Executive Summary

- The Georgia Commission on the Holocaust, including \$284,236, should be transferred to the Board of Regents' Kennesaw State University Museum of History and Holocaust Education.
-

Program Overview

The Georgia Commission on the Holocaust was established in 1986 and is administratively attached to the office of the Secretary of State. The commission operates the "Anne Frank in the World" exhibit, creates and distributes traveling exhibits, and provides educational programs and resources, according to the commission's statutory mandate. The purpose of this review is to determine if the commission should be moved to an agency with a similar mission.

Results and Recommendations

The commission employs three full-time staff and approximately three part-time staff. Its budget is 93 percent state funded, with the remainder funded by donations and private grants. Ninety eight percent of the commission's 2015 state appropriation was used for personal services.

The commission focuses on preserving the memory of the Holocaust, as well as educating Georgia's citizens about the history of the Holocaust. In contrast, its parent agency, Secretary of State, has a mission focused on regulating and supporting professional licensure, corporate filings, and election and voter registration.

The Board of Regents of the University System of Georgia (BOR) focuses on creating a more educated Georgia through its core missions of instruction, research, and public service. Additionally, BOR contains Kennesaw State University (KSU), which has its own Museum of History and Holocaust Education. The museum "presents public events, exhibits, and educational resources focused on World War II and the Holocaust in an effort to promote education and dialogue about the past and its significance today." KSU's museum employs approximately 10 people, many of which possess a master's or doctorate degree in their respective fields. Furthermore, the museum offers internships and graduate research

assistantships to educate and train the next generation of holocaust and history scholars to inherit the responsibilities of the museum.

Both the commission and the museum utilize K-12 school initiatives, on-site and traveling exhibits, and guest speakers to disseminate their educational materials. This duplication of services seemingly results in inefficiencies and avoidable expenses, while not necessarily reaching a larger audience. The museum could integrate the commission's current exhibit, "Anne Frank in the World," into its rotation of (currently five) exhibits. Similarly, KSU could adopt the remaining commission programs into its existing programming, such as traveling trunks, speaker engagements, and educational resources. Moving the Georgia Commission on the Holocaust to the Museum of History and Holocaust Education at KSU will keep the commission intact while allowing for greater collaboration on educational initiatives and the elimination of duplicative activities.

During this review, commission staff indicated a need for additional facility space that complies with the Americans with Disabilities Act, as well as information technology enhancements, marketing funds, and funds for professional development opportunities. The commission's current facility is located in a Sandy Springs shopping plaza and occupies a portion of the second floor above the city's welcome center. The space is not ADA compliant, and its dimensions limit the size of groups that can visit the on-site exhibits. If the commission was moved to BOR, it would have access to the University System's technology and research institution funding opportunities in addition to an ADA compliant location at KSU. Moreover, the commission could more efficiently allocate its labor costs by relying on employees currently working for the museum at KSU, along with interns and graduate students seeking assistantships. Integrating the commission into BOR would thus result in personnel savings, allowing the commission to utilize state funds for educational programs instead of personal services.

Secretary of State
 ZBB Program: Georgia Commission on the Holocaust

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Educational Resources	Provide training and workshops to educators throughout the state. Provide educational resources and curriculum tools to educators of grades 5-12, specifically for homeschools, public schools, charter schools, and virtual schools.	OCGA 50-12-132	0.90	\$79,271	\$85,271
Public Education Exhibitions	Create and display exhibitions about the Holocaust and related topics in venues throughout the state.	OCGA 50-12-132	0.65	57,251	61,584
Specific Programming	Provide programming and resources to specific constituent groups, like legislators, the military, law enforcement, and Spanish-language speakers.	OCGA 50-12-132	0.40	35,231	37,898
Holocaust Commemorations	Host and provide resources for Holocaust commemorations throughout the state.	OCGA 50-12-132	0.45	39,635	42,635
Administration	Provide administrative support and guidance for programming and public affairs for the agency.	OCGA 50-12-131 OCGA 50-12-132 OCGA 50-12-133	0.60	52,847	56,847
Total			3.00	\$264,236	\$284,236

* (Listed in priority order as determined by Agency)

Secretary of State
 ZBB Program: Georgia Commission on the Holocaust

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$275,301	\$291,888	\$268,982
Regular Operating Expenses	47,756	58,613	12,796
Motor Vehicle Purchases			
Equipment			
Computer Charges	2,031	2,157	1,681
Real Estate Rentals			
Telecommunications			777
Contractual Services	750		
Total Expenditures	\$325,838	\$352,658	\$284,236
Fund Type			
State General Funds	\$244,996	\$257,836	\$264,236
Other Funds	80,842	94,822	20,000
Total Funds	\$325,838	\$352,658	\$284,236
Positions	3	3	3
Motor Vehicles	0	0	0

Secretary of State
 ZBB Program: Georgia Commission on the Holocaust

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 teach the lessons of the Holocaust to present and future generations of Georgians in order to create an awareness of the enormity of the crimes of prejudice and inhumanity.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of visitors to Commission sponsored exhibits	N/A	16,212	27,585	16,917
2. Number of users of the Commission website	6,010	8,282	11,845	13,154
3. Number of communities in the state served by Commission programs	4	15	22	61
4. Number of attendees at Commission events	450	1,558	4,265	4,489
5. Number of students accessing Holocaust trunks	3,510	1,542	1,216	582
6. Cost per participant in Commission programs	N/A	\$10	\$6	\$7



FY 2017 Zero-Based Budget Analysis

Georgia Student Finance Commission
ZBB Program: HOPE GED

Executive Summary

- The program purpose should be revised to reflect program intent.
 - The Technical College System of Georgia and the Georgia Student Finance Commission should consider the use of HOPE GED funds to expand the Accelerated Opportunity program.
-

Program Overview

The HOPE GED program in the Georgia Student Finance Commission (GSFC) provides a one-time \$500 grant payment for Georgia's General Education Development (GED) recipients to use to attend a postsecondary institution. To be eligible, students must satisfy Georgia residency requirements and enroll in an eligible public or private postsecondary institution within 24 months of earning their GED diploma.

All funds spent within the program are grant payments. Any administrative or operational costs associated with this program are funded within the HOPE Administration program, which funds personal services and operating expenses for all HOPE programs.

Compared to other HOPE programs, HOPE GED has been comparatively stable. The grant payment amount has remained \$500 since the beginning of the program in 1993. Program eligibility requirements were not revised in FY 2012, the year when eligibility requirements for the HOPE Scholarship and HOPE Grant were revised and the award amounts at public institutions were uncoupled from tuition. The only recent eligibility requirement change to HOPE GED addressed inmates who earn their GED while incarcerated. In FY 2014, eligibility requirements changed so that an inmate has 24 months after their release to enroll in a postsecondary institution and still receive the award.

Results and Recommendations

The program purpose does not adequately reflect the intent of the program, which is to incentivize the state's GED graduates to earn a postsecondary credential. The current program purpose is the following:

The purpose of this appropriation is to award a \$500 voucher once to each student receiving a general educational development (GED) diploma awarded by the Technical College System of Georgia.

The program purpose should be updated to the following:

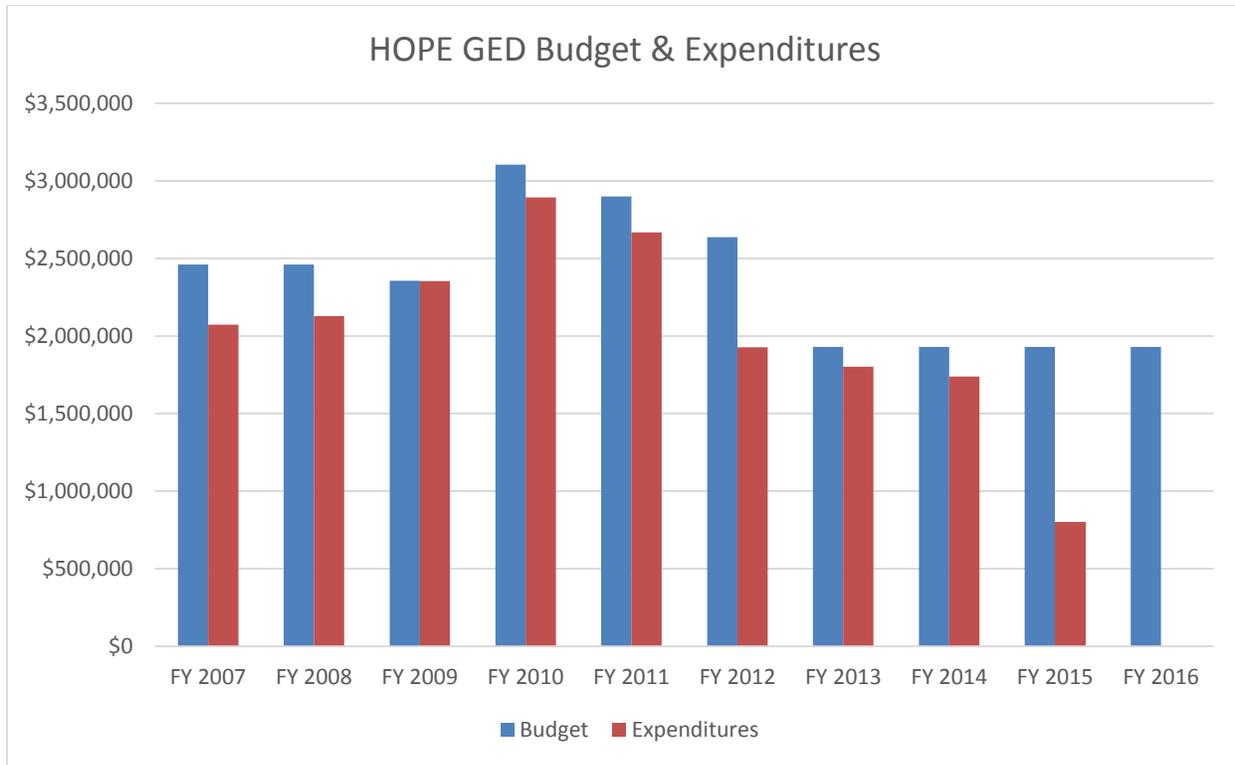
The purpose of this program is to encourage Georgia's General Educational Development (GED) recipients to pursue education beyond the high school level at an eligible postsecondary institution located in Georgia.

The revised program purpose would reflect the program's intent to encourage GED graduates to earn a postsecondary credential and also align with the program purpose adopted by the Board of Directors of GSFC.

The Technical College System of Georgia (TCSG) tracks all GED earners whether they successfully complete testing at a TCSG institution or another testing site, such as a public school or community-based organization. The majority of GED graduates complete testing at a TCSG institution. In 2014, 98 percent of GED earners received their GED at a TCSG institution. In addition, 82 percent of all HOPE GED recipients who pursued postsecondary education attended a TCSG institution. TCSG provides instruction for the large majority of students in GED classes, as well as GED graduates who progress toward postsecondary education.

All GED students at a TCSG adult education program have access to a transition specialist, who functions similarly to a high school counselor. Included in this counseling is advisement on postsecondary options. Currently, TCSG tracks the percentage of GED diploma recipients attending the adult education program that subsequently enter postsecondary education or a job training program within one year of receiving their GED. In FY 2014, this measure was 15 percent. TCSG should set a goal of increasing this percentage and communicate to GSFC the number of GED graduates who pursue postsecondary education or a relevant training program.

Program participation decreased significantly in FY 2015 in part due to revisions to the GED test. Students awarded the HOPE GED grant decreased 54 percent between FY 2014 and FY 2015, from 3,510 to 1,613 recipients, representing an acceleration of an already downward trend. In comparison, students awarded the HOPE GED grant decreased 38 percent between FY 2010 and FY 2014. The revised GED test went into effect January 2014. The new test, available only on computer, has more rigorous requirements, which have lowered the number of students successfully completing all segments of the test. The total number of GED graduates decreased 22 percent between FY 2010 and FY 2014. The number of GED graduates decreased 76 percent between FY 2014 and FY 2015.



Unlike other HOPE programs, eligibility requirements have not significantly changed, and the \$500 award amount has not changed since the program began in 1993. Relative to the cost of attendance, the value of the award has decreased due to inflation and increases in tuition. Based on inflation alone, a \$500 award in 1993 would be worth approximately \$822 in 2015. Annual expenditures fluctuated little under a stable award amount and with few changes in eligibility criteria. The average annual expenditure between FY 1994 and FY 2014 is \$2,123,756. The maximum expenditure was \$2,842,143 in FY 2010. The lowest level of expenditures in the history of the program was in FY 2015, at \$797,080.

The Accelerating Opportunity program is currently a pilot program offered by TCSG that provides a student with GED test preparation instruction as well as certificate courses. The certificates offered are tailored to the workforce demands of the local community. The program is designed so that graduates simultaneously earn their GED and a certificate preparing them for a career field needed in their local community. Funding for this program is supported by a four-year federal grant. The program complements the HOPE GED program purpose to encourage GED graduates to pursue postsecondary credentials. Further data is required from TCSG to determine the effectiveness of this program, including retention and completion statistics for students enrolled in this program. TCSG and GSFC should consider the use of HOPE GED funds to expand the Accelerated Opportunity program.

Georgia Student Finance Commission
 ZBB Program: HOPE GED

Key Activities

Activity*	Description	Authority	No. of Positions ¹	FY 2016 State Funds ²	FY 2016 Total Budget
HOPE GED	The HOPE GED Grant is available to students who earned a General Education Development (GED/high school equivalency) diploma. The grant provides a one-time \$500 HOPE award that can be used towards tuition, books, or other educational costs at an eligible postsecondary institution. Full-time enrollment is not required. Students must use their HOPE GED Grant award within 24 months of the date of their GED diploma.	OCGA 20-3-519.6		\$1,930,296	\$1,930,296
Total			0.0	\$1,930,296	\$1,930,296

* (Listed in priority order as determined by Agency)

¹ All positions supporting this program are funded through the HOPE Administration program.

² All state funds in this program are lottery proceeds.

Georgia Student Finance Commission
 ZBB Program: HOPE GED

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Financial Aid- Lottery	\$1,739,590	\$796,580	\$1,930,296
Total Expenditures	\$1,739,590	\$796,580	\$1,930,296
Fund Type			
Lottery Funds	\$1,739,590	\$796,580	\$1,930,296
Total Funds	\$1,739,590	\$796,580	\$1,930,296
Positions	0	0	0
Motor Vehicles	0	0	0

Georgia Student Finance Commission
 ZBB Program: HOPE GED

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 encourage Georgia’s General Educational Development (GED) recipients to pursue education beyond the high school level at an eligible postsecondary institution located in Georgia.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of GED diplomas issued by Technical College System of Georgia	9,531	15,450	12,804	3,046
2. Number of students receiving the HOPE GED grant	3,877	3,666	3,510	1,613
3. Percentage of issued HOPE GED vouchers redeemed	41%	24%	27%	53%
4. Percentage of HOPE GED recipients who earn a postsecondary credential (Proposed)	N/A	N/A	N/A	N/A



FY 2017 Zero-Based Budget Analysis

Georgia Student Finance Commission
ZBB Program: HOPE Grant

Executive Summary

- The commission should develop a procedure for evaluating curriculum for Strategic Industries Workforce Development Grant (SIWDG) programs in response to evolving workforce demands.
 - The commission should work with the Office of Planning and Budget to add additional performance measures to describe the performance of SIWDG and the Zell Miller Grant.
-

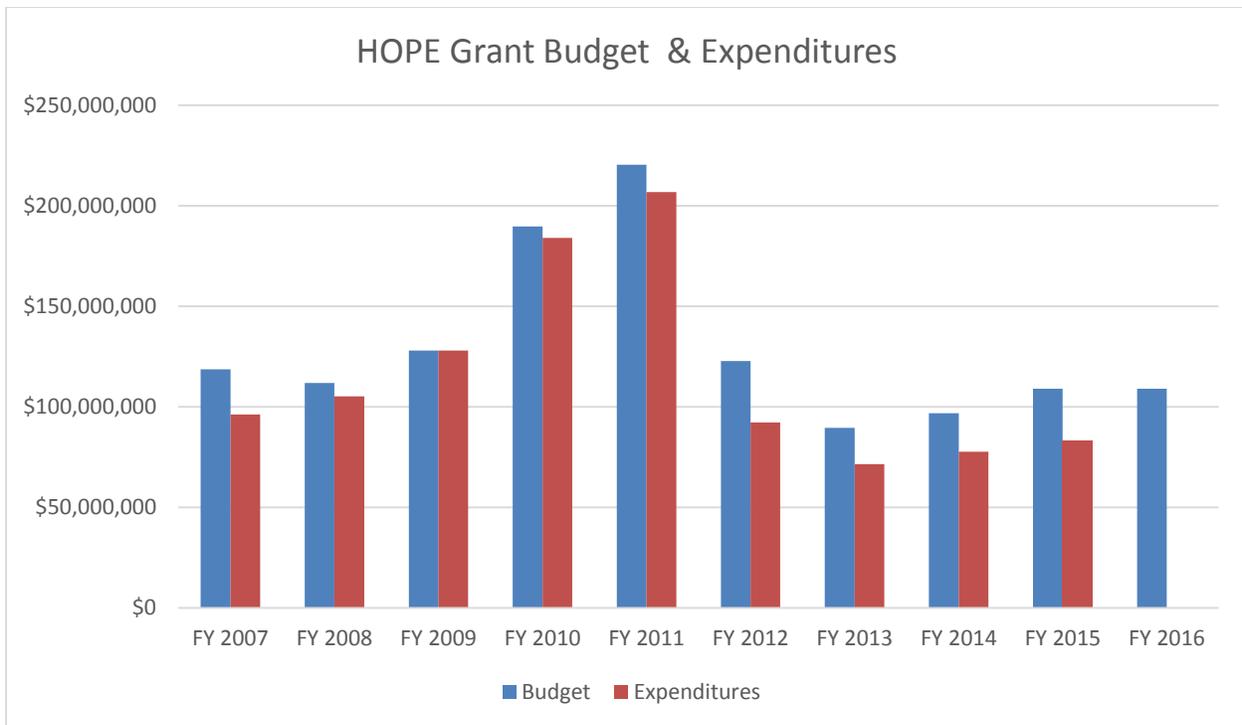
Program Overview

The HOPE Grant program in the Georgia Student Finance Commission (GSFC) provides scholarships to students seeking a diploma or certificate at a public postsecondary institution. To be eligible for the grant, a student must meet residency requirements and certain GPA requirements. While the program does not require a specific high school GPA to be eligible, the student must maintain a 2.0 GPA while enrolled in the postsecondary institution to remain eligible. A student can receive grant awards for up to 63 credit hours for use on summer, fall, and spring semesters.

HOPE Grant serves many older students who may not qualify for other forms of state financial aid. In FY 2015, 39 percent of HOPE Grant recipients were over the age of 25. Unlike with the HOPE Scholarship, HOPE Grant eligibility does not lapse after seven years following a student's graduation from high school. In addition, the large majority of students receiving the HOPE Grant attend Technical College System of Georgia (TCSG) institutions—95 percent on average since the beginning of the program in fiscal year 1994, and 98 percent in FY 2014.

All funds spent within the program go toward grant payments. Any administrative or operating costs associated with this program are funded within the HOPE Administration program, which funds personal services and operating expenses for all HOPE programs.

Similar to other lottery funded programs, the HOPE Grant experienced several changes in FY 2012 related both to funding and eligibility requirements for the program. In FY 2012, the award amount was uncoupled from tuition costs to ensure program expenditures appropriately match available revenues. Also, the HOPE GPA requirement increased to a 3.0 GPA. In FY 2014, however, the GPA requirement was lowered back to 2.0.



Since FY 2014, Georgia has offered an additional grant incentive, known as the Strategic Industries Workforce Development Grant, for HOPE Grant recipients enrolled in programs that prepare students for high demand careers in the state. In its first year, students studying practical nursing, early childhood care and education, and commercial truck driving received SIWDG awards. GSFC disbursed 5,441 SIWDG awards in FY 2014. Funding increased from \$6.5 million in FY 2014 to \$11.5 million in FY 2015 to expand the grant. In FY 2015 and FY 2016, the state approved nine additional fields of study, including health science, movie production and set design, computer programming, and welding and joining technology. GSFC disbursed 19,894 SIWDG awards in FY 2015, a 366 percent increase in the number of awards.

Since FY 2015, Georgia has also offered the Zell Miller Grant. This grant covers the full cost of tuition for students who maintain a 3.5 GPA in addition to meeting all HOPE Grant eligibility requirements. This program spent \$4.5 million in FY 2015, with 21,357 awards disbursed.

Results and Recommendations

The number of students receiving the HOPE Grant declined 53 percent from the all-time peak of 141,887 students in FY 2011 to 67,090 students in FY 2015. This trend mirrors overall enrollment patterns in public higher education schools in Georgia. For example, full-time equivalent enrollment decreased 34 percent between FY 2011 and FY 2015 at TCSG institutions.

The HOPE Grant program lapsed \$25.9 million of its \$109 million budget in FY 2015. In addition, the award amounts for the primary beneficiaries of the HOPE Grant—students attending technical colleges—cover the lowest percentage of tuition among students attending public institutions. The award is paying 75 percent of tuition in FY 2016. In comparison, students attending state colleges are receiving 86 percent of tuition on average in FY 2016. Of University System of Georgia institutions, state colleges have the closest per credit hour cost of tuition. The per credit hour cost at state colleges is \$99,

compared to a flat rate of \$89 per credit hour to attend any TCSG institution. Evaluating the percentage of tuition paid provides useful context for impact of the HOPE award for the student. The HOPE award amount should continue to be adjusted annually by multiplying a factor rate to the prior year HOPE award amount and remain uncoupled from actual tuition rates. This methodology helps ensure the continued financial stability of lottery funded programs.

A small percentage of students (5%) reach the 63-credit hour cap on award eligibility. Approximately 65 percent of HOPE Grant recipients do not reach the 30-hour checkpoint, and 94 percent of recipients do not reach the 60-hour checkpoint. These two checkpoints represent the number of attempted credit hours at which GPA eligibility calculations are made. Data provided by TCSG indicates program completion and retention rates for HOPE Grant recipients at TCSG institutions are essentially the same as for the average population at TCSG institutions.

Few students transition from the HOPE Grant to the HOPE Scholarship. Between FY 2012 and FY 2015, 1,638 students that initially received the HOPE Grant also received the HOPE Scholarship. Approximately 55 percent of the students (894) who transitioned from receiving the HOPE Grant to the HOPE Scholarship received the HOPE Grant as dual enrollment students. Dual enrollment students will no longer receive awards through the HOPE Grant program following reforms that consolidated several dual enrollment programs into the Move on When Ready (MOWR) program. Thus, the number of students who transition from the HOPE Grant to the HOPE Scholarship is expected to decline.

The primary intent of consolidating dual enrollment programs was to simplify the process for the student. MOWR is also administered by GSFC. Funds previously devoted to dual enrollment students receiving the HOPE Grant who will now be participating in MOWR are now available for other awards within the HOPE Grant program. In FY 2015, HOPE Grant dual enrollment expenditures were \$3,788,774 in lottery funds.

Several performance measures should be added to account for the performance of two new grants within the HOPE Grant program: the Strategic Industries Workforce Development Grant and the Zell Miller Grant. These measures include tracking the total number of awards granted and students benefiting from the awards.

Currently, there are no defined mechanisms to evaluate when a program should be included as a strategic industry for SIWDG. OPB, in conjunction with partners at TCSG and GSFC, should establish requirements for a sunset review of cluster industries approved under SIWDG to determine if the state is allocating its resources toward high demand career fields. In addition, TCSG should submit to OPB any new majors proposed for SIWDG based on currently approved cluster industries in a timely manner prior to the beginning of the next academic year.

Georgia Student Finance Commission
 ZBB Program: HOPE Grant

Key Activities

Activity*	Description	Authority	No. of Positions ¹	FY 2016 State Funds ²	FY 2016 Total Budget
HOPE Grant	The HOPE Grant is available to Georgia residents working towards a certificate or diploma at an eligible college or university. Full-time enrollment is not required and students are not required to graduate from high school with a specific GPA. However, students are required to have a cumulative 2.0 GPA at certain checkpoints during their postsecondary tenure in order to maintain eligibility.	OCGA 20-3-519.5		\$90,293,442	\$90,293,442
Zell Miller Grant	The Zell Miller Grant provides an award amount equal to the cost of tuition up to 15 credit hours per semester, and is available to HOPE Grant eligible students who maintain a cumulative 3.5 GPA.	OCGA 20-3-519.5		7,266,547	7,266,547
Strategic Industries Workforce Development Grant (SIWDG)	SIWDG is available to HOPE Grant recipients studying in identified high demand career fields. The award is a fixed amount per term designed to cover the full cost of tuition and other costs relating to the cost of attendance.			11,500,000	11,500,000
Total			0.0	\$109,059,989	\$109,059,989

* (Listed in priority order as determined by Agency)

¹ All positions supporting this program are funded through the HOPE Administration program.

² All state funds in this program are lottery proceeds.

Georgia Student Finance Commission
 ZBB Program: HOPE Grant

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Financial Aid- Lottery	\$77,679,742	\$83,035,685	\$109,059,989
Total Expenditures	\$77,679,742	\$83,035,685	\$109,059,989
Fund Type			
Lottery Funds	\$77,679,742	\$83,035,685	\$109,059,989
Total Funds	\$77,679,742	\$83,035,685	\$109,059,989
Positions	0	0	0
Motor Vehicles	0	0	0

Georgia Student Finance Commission
ZBB Program: HOPE 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 grants to students seeking a diploma or certificate at a public postsecondary institution.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of HOPE Grant awards disbursed	166,268	136,489	133,167	102,261
2. Number of students receiving the HOPE Grant	98,790	85,228	81,318	67,090
3. Average dollar amount per HOPE Grant award	\$560	\$527	\$549	\$537
4. Number of Zell Miller Grant awards disbursed	N/A	N/A	N/A	21,357
(Proposed)				
5. Number of students receiving the Zell Miller Grant	N/A	N/A	N/A	14,569
(Proposed)				
6. Average dollar amount per Zell Miller Grant award	N/A	N/A	N/A	\$827
(Proposed)				
7. Number of Strategic Industries Workforce Development Grant awards disbursed	N/A	N/A	9,462	19,894
(Proposed)				
8. Number of students receiving Strategic Industries Workforce Development Grant	N/A	N/A	7,212	13,703
(Proposed)				
9. Average dollar amount per Strategic Industries Workforce Development Grant award	N/A	N/A	\$503	\$448
(Proposed)				



FY 2017 Zero-Based Budget Analysis

Teachers Retirement System of Georgia ZBB Program: Local/Floor COLA

Executive Summary

- The program provides a minimum retirement benefit of \$17 per month to teachers who retired from specified local retirement systems, ensuring the same minimum benefit as other members of the Teachers Retirement System (TRS).
 - The program provides a cost-of-living adjustment (COLA) to teachers who retired from specified local retirement systems prior to July 1, 1978, in line with any COLA provided to other members of TRS.
 - Georgia Code requires an appropriation by the General Assembly to provide funding for the Local/Floor COLA program.
 - The population of retirees who qualify for this benefit is declining – the FY 2017 estimated cost is \$52,000 less than the previous fiscal year.
-

Program Overview

The Teachers Retirement System of Georgia (TRS) was established in 1943 by the Georgia General Assembly to provide a retirement benefit to teachers and other eligible employees who worked in the education system. It is the largest public retirement system in Georgia and serves over 220,000 active members by managing funds and providing benefits to retirees and their beneficiaries.

The Local/Floor COLA program administered by TRS provides retirees from the following local systems with additional retirement funds in order to raise their benefit to a minimum amount and to provide a COLA: Atlanta City Schools, Chatham County Schools, Fulton County Schools, and Rome City Schools. The program will end when there are no longer any surviving individuals who qualify for this benefit. The Local/Floor COLA program is the only TRS program that receives state funds.

The Floor portion of the program provides funds to guarantee a minimum retirement benefit of at least \$17 per month for each year of creditable service, up to 40 years. As of July 1, 2015, 15 local system retirees were receiving Floor funds, with the total sum of these Floor fund benefits estimated to be around \$17,000 for FY 2016.

COLA funds are available only for teachers who retired prior to July 1, 1978, from one of the previously mentioned retirement systems. The retirees receive a benefit adjustment to account for a change in the cost of living whenever such adjustment is granted to teachers who retired under TRS. As of July 1, 2015, 23 retirees were receiving COLA funds, and the cost to provide this benefit in FY 2016 is estimated to be \$300,000.

Results and Recommendations

State funds are allocated to the program based on the number of individuals who qualify for the benefit. The average basic benefit payment received by these retirees from their local retirement system is \$397 per month. The average increase in benefits received by qualifying retirees from the Floor program is \$753 per month. The average monthly retirement benefit received by qualifying retirees is \$1,150 per month, or \$13,800 annually. The majority of these retirees are 80 years of age or older. As the population of teachers who qualify for the benefit declines, the cost of the program will also decrease. At this time, the youngest individual who qualifies and participates in the program is 69 years of age. The program currently serves 32 members, with some members receiving both the Floor and COLA benefits.

Georgia Code mandates that funds be appropriated by the General Assembly for the COLA benefit, however it does not address funding for the Floor benefit with the same language. The original legislation authorizing the Floor benefit, Senate Bill 530, passed in 1974, and provided that the benefit would "...not become effective until funds are appropriated by the General Assembly." However, the General Assembly's intent to fund both benefits is evidenced by its actions during the annual appropriations process.

Teachers Retirement System
 ZBB Program: Local/Floor COLA

Key Activities

Activity	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Floor Funds	Provides a minimum benefit of \$17 per month for each year of creditable service up to 40 years for teachers who retired from Atlanta City Schools, Chatham County Schools, Fulton County Schools, and Rome City Schools.	OCGA 47-3-120; OCGA 47-3-124	0.0	\$17,000	\$17,000
COLA Funds	Provides a cost of living adjustment (COLA) to teachers who retired prior to July 1, 1978 from the Atlanta City Schools, Chatham County Schools, Fulton County Schools and Rome City Schools when COLAs are granted to TRS retirees; Receives funds through appropriation.	OCGA 47-3-125; OCGA 47-3-126	0.0	300,000	300,000
Total			0.0	\$317,000	\$317,000

Teachers Retirement System
 ZBB Program: Local/Floor COLA

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Floor Funds, Local Systems' Retirees	\$19,422	\$17,320	\$17,000
COLA Funds, Local Systems' Retirees	412,701	305,523	300,000
Total Expenditures	\$432,123	\$322,843	\$317,000
Fund Type			
State General Funds	\$432,123	\$322,843	\$317,000
Other Funds			
Federal Funds			
Total Funds	\$432,123	\$322,843	\$317,000
Positions	0	0	0
Motor Vehicles	0	0	0

Teachers Retirement System of Georgia
 ZBB Program: Local/Floor COLA

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 provide retirees from Local retirement systems a minimum allowance upon retirement (Floor) and a post-retirement benefit adjustment (COLA) whenever such adjustment is granted to teachers who retired under TRS.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of individuals receiving Floor or Cost of Living Adjustment payments	62	50	38	32
2. Average monthly state-funded payment amount per recipient	\$784	\$791	\$754	\$770



FY 2017 Zero-Based Budget Analysis

Technical College System of Georgia ZBB Program: Technical Education

Executive Summary

- The Technical College System of Georgia (TCSG) is highly responsive to both the economic conditions and industrial needs of the state. Technical education funding is especially sensitive to economic conditions and state appropriations.
 - The system helps the state achieve positive results in higher education through strategic initiatives aimed at promoting student success and by looking at performance when allocating funding to individual institutions.
 - TCSG maintains 83 satellite campuses in addition to the institutions' 22 main campuses across the state. Many of these campuses have low enrollment and are not cost efficient. The system should evaluate the long-term viability of the satellite campuses.
-

Program Overview

The Technical College System of Georgia (TCSG) provides technical education, adult education, and customized business and industry services throughout the state. The purpose of this analysis is to examine the components of the Technical Education program. This program focuses on the academic, instructional component of TCSG's mission, whereby the system strives to offer affordable and high-quality postsecondary education and training through each of its 22 institutions.

Technical Education Formula

The primary mechanism for allocating state appropriations to the Technical Education program is the technical education formula. The funding formula primarily determines state funding for the personal services and operating expenses associated with providing instruction to students. For personal services, the formula multiplies the system's total credit hour enrollment by the previous fiscal year's state appropriations per credit hour. The system categorizes credit hours by curriculum type in five core areas: General Education, Industrial/Science Technology, Business, Healthcare, and Public Service. Each core area has an associated cost per credit hour (a multiplier) based on the cost to provide instruction in the academic area. The multiplier is adjusted each year based on state funds appropriated, but remains proportionate to the other core areas. For example, a Public Service credit hour will consistently cost around 93 percent of the cost of a Healthcare credit hour, or in other words, Public Service accounts for 24 percent of all per credit hour costs for the five academic core areas.

There are limitations and advantages to the technical education funding formula. The formula was designed to generate an accurate appropriation representing Georgia's investment in technical education. The formula works best when both the economy and education are growing steadily. Unfortunately, the state has experienced significant volatility in economic growth and postsecondary enrollment during the last seven years.

From FY 2011 to FY 2015, TCSG experienced a 34 percent decrease in credit hour enrollment. While much of this decline is a natural adjustment after a rapid surge in enrollment during the economic recession, such an aggressive decline has significantly lowered tuition and fee revenues as well as formula appropriations for credit hours. Because the cost per credit hour for each core group is tied to the previous fiscal year's state appropriations, sustained budget reductions, such as those instituted during the recession, decrease the cost per credit hour. The resulting lower cost per credit hour affects the next year's appropriations.

More recently, as revenues recovered from the economic recession and as enrollment decreased at technical colleges, the state held TCSG "harmless" from budget reductions in FY 2015 and FY 2016 and maintained an appropriation level reflecting pre-recession conditions. Holding state appropriations steady while credit hour enrollment decreased artificially inflated the cost per credit hour. Because of the responsiveness of the formula to sustained budget reductions, hold harmless, and/or rapid enrollment growth or decline, the formula has proven to be somewhat volatile over the past decade.

TCSG receives \$4.11 per square foot of instructional space for operating expenses at its institutions. Previously, the amount per square foot was adjusted based on the prior year's state appropriations for operating expenses. Similar to the formula calculations for personal services, the fluctuation in the rate per square foot made funding for operating expenses highly sensitive to budget reductions, as reductions would compound into the formula for multiple years. The flat rate of \$4.11 per square foot arose from an effort in FY 2015 to limit these fluctuations and align funding for operating expenses with the actual costs associated with operating buildings, as well as with the operating expenses calculation of the state's other higher education system formula. This practice should continue, though the rate should be evaluated over time.

Internal Allocation and Performance Funding Formula

Once the state appropriates funds to TCSG, the system then internally determines the allocations for individual institutions. Funding allocations include the formula inputs. For instance, the system is aware which institutions account for the most credit hour enrollment, and therefore those institutions receive appropriate funding to support their level of operations. Alternatively, the system must consider differing economies of scales and the communities the institutions serve.

TCSG identified 26 administrative and support positions essential to institution operations. The cost of maintaining these 26 positions, approximately \$2.2 million, represents the base allocation that the system guarantees institutions, regardless of enrollment, awards conferred, and geographic location. The system determines the average cost to the state per credit hour by fiscal year and distributes a corresponding amount based on credit hour enrollment to each institution. The state's average cost per credit hour in FY 2016 was approximately \$137.90. However, in order to recognize differing economies of scale, the system created five peer groups based on credit hour enrollment. Institutions producing the least credit hours are assigned to peer group one and receive 110 percent of credit hour enrollment

funding, while institutions producing the most credit hours are assigned to peer group five and receive 95 percent of credit hour enrollment funding. The remaining three peer groups receive credit hour enrollment funding within this spectrum.

When allocating funds to institutions for FY 2016, TCSG made efforts to incorporate performance metrics developed by the Governor's Higher Education Funding Commission in 2012. The commission identified a series of important metrics for driving outcomes for higher education in the state. These metrics, while not yet included in the system-wide appropriation formula to TCSG, will provide internal incentives to institutions to support statewide initiatives. The system measures the contribution of each institution to total awards granted by fiscal year, applies a weight system that differentiates between the level of award (certificate, diploma, or associate degree), and distributes \$20 million across the institutions based on each institution's contribution. Performance funding amounts range from \$360,000 to over \$2 million depending on the institution's number of graduates and types of awards conferred.

Mergers

TCSG worked to find efficiencies in the cost of overhead for institutions with lower enrollment by working to merge 32 institutions into 22 institutions over the past several years. These mergers were primarily in response to the economic recession and were intended to reduce administrative overhead by combining institutions, while maintaining credit hours and geographic locations.

TCSG strives to offer the same degree of quality education and training to students from all regions of the state, which are home to diverse communities. Institutions vary greatly in their enrollment and course offerings. System enrollment declined for the past four years (FY 2011 to FY 2015) and is expected to continue to decline through FY 2018. Institutions located in sparsely populated areas face the greatest difficulty in maintaining operations with less revenue from tuition and fees. Smaller institutions also have disproportionate overhead costs compared to institutions with higher enrollment, where the economy of scale for operations helps alleviate such expenses. Students enrolled at technical institutions pay the same rate per credit hour for tuition regardless of location and institution. TCSG currently charges students \$89 per credit hour. The tuition rate is the result of a \$4 increase in FY 2015. Maintaining a standard tuition rate across all institutions presents some financial obstacles for TCSG. The chart below shows the state's average cost per credit hour by institution. Institutions with larger credit hour enrollments exhibit lower costs per credit hours through operating efficiencies.

Institution	Total Credit Hours (FY 2015)	State Funds per Credit Hour (FY 2015)	Percentage Change in Full-Time Enrollment (FY 2014 to FY 2015)
Gwinnett	146,112	\$103.16	-3.64%
Albany	101,108	\$105.12	-8.97%
Chattahoochee	201,784	\$107.12	-7.00%
Atlanta	108,979	\$115.04	-12.63%
Central Georgia	186,490	\$123.39	-4.15%
Savannah	98,906	\$129.11	-9.75%
Ogeechee	58,179	\$131.58	-1.37%
West Georgia	134,323	\$133.34	-7.77%
Lanier	74,378	\$133.85	-4.65%
Southern Crescent	103,296	\$135.19	-7.07%
Athens	82,132	\$145.45	-7.57%
Augusta	98,556	\$146.33	-3.61%
Georgia Northwestern	122,477	\$148.38	-6.12%
Columbus	76,968	\$150.63	-9.33%
North Georgia	58,661	\$159.02	4.66%
Georgia Piedmont	90,051	\$168.32	-8.78%
Wiregrass Georgia	77,447	\$177.67	-11.55%
Southern Regional	76,912	\$203.93	-1.46%
South Georgia	43,042	\$207.03	-5.84%
Southeastern	34,402	\$247.65	3.15%
Oconee Fall Line	36,346	\$260.34	-9.90%
Coastal Pines	50,454	\$280.32	-5.51%

Cost Program Survey

The Technical Education program focuses on developing workforce skills in students that specifically lead to employment. Therefore, the system strives to build literate and economically strong communities, as well as support businesses in the state. In order to identify the state investment in industry driven education, OPB and TCSG worked together to develop a program cost survey for FY 2016. As stated, TCSG keeps tuition rates equalized across all geographic locations. This is also true for different program credit hours. For example, on average an Agriculture Technology credit hour is expected to cost over \$100 more than a Computer Information Systems credit hour. TCSG spends the most funds on providing general education and health technology courses. Yet, TCSG charges the same tuition rates for each credit hour. While lab- and course-based fees offset some of this cost discrepancy, a tuition schedule that allows for differentiated tuition by program could eliminate the cost per credit hour disparity. A transition to differentiated tuition is not currently planned, but may be an option to consider in the future. The following chart shows the average cost per credit hour of instruction in the Technical Education program by technology group or general industry. The FY 2016 projections include a five percent decrease in credit hours, as well as a five percent decrease in tuition and fees revenues.

Technology Group	Total Cost of Technology Group (Adj. Revenue)	FY 2016 Credit Hours – Projected	FY 2016 Cost Per Credit Hour - Projected	FY 2015 Credit Hours	FY 2015 Cost Per Credit Hour	FY 2014 Credit Hours	FY 2014 Cost Per Credit Hour
Agriculture Technologies	\$3,685,030	9,446	\$390.10	9,689	\$384.73	10,197	\$374.29
Business Technologies	\$70,545,599	298,009	\$236.72	305,650	\$233.46	321,688	\$227.13
CIS Technologies	\$28,620,436	103,733	\$275.91	106,392	\$272.11	111,975	\$264.72
Health Technologies	\$131,330,420	408,465	\$321.52	418,939	\$317.10	440,921	\$308.49
Industrial Technologies	\$105,031,856	309,751	\$339.08	317,693	\$334.42	334,363	\$325.34
Service Technologies	\$77,824,882	289,425	\$268.90	296,846	\$265.19	312,422	\$258.00
General Education	\$116,668,631	485,416	\$240.35	497,863	\$237.04	523,986	\$230.61
Learning Support	\$27,426,921	135,645	\$202.20	139,123	\$199.41	146,423	\$194.00

Cost by Institutional Activity

Institutional Activity	Percent of Expenditures
Instruction	52.1%
Institutional Support	20.4%
Academic Support	13.9%
Student Services	11.9%
Other Expenses	1.1%
Auxiliary Services	0.6%
Public Service	0.1%
Total	100%

According to data collected by the Integrated Postsecondary Education Data System (IPEDS) from FY 2014, instruction represented the largest portion of TCSG's expenditures followed by institutional support. Institutional support includes expenditures on general administrative services, management and long-range planning, legal and fiscal operations, space management, and logistical services such as purchasing and printing, as well as public relations and development. IPEDS is the core higher education data collection program for the

National Center for Educational Statistics. The finance survey of the program collects data related to the financial condition of the institution, including expenditures by function.

Faculty Positions

Personal services comprises approximately 70 percent of the total cost in the FY 2016 budget for the Technical Education program, with the remainder covering operations and facility support. While TCSG has 5,510 full-time, benefit-eligible positions, around 41 percent of those represent full-time instructional faculty. Additionally, TCSG utilizes over 4,000 part-time faculty to provide credit hour instruction. The use of part-time faculty, while efficient, presents some long-term limitations in delivering quality instruction; it is difficult to facilitate proper training and professional development for part-time employees who may teach only one course a semester. Recent occurrences, such as when TCSG had to reimburse federal aid agencies for federal financial aid distributed to students who dropped

courses, highlight these limitations. Typically TCSG identifies which students have dropped courses through faculty communication, but adjunct faculty tend to focus less on the administrative functions of their role, such as taking careful attendance, and more on conducting instruction.

The examination of faculty ratios has historically taken place when the Southern Association of Colleges and Schools (SACS), TCSG's accrediting body, visits TCSG institutions. While an established ratio has never been mandated by SACS, too many part-time faculty could contribute to a lower score in the accreditation process. Whether the ratio of part-time to full-time faculty could result in failure to receive accreditation is unknown and probably depends on the extremity. TCSG reduced the ratio of part-time to full-time faculty as enrollment declined, and projections do not include credit hour enrollment increases. Other reasons for maintaining an established number of full-time faculty include the following: In some educational institutions increased full-time faculty ratios correlate with increased graduation outcomes among students¹, presumably as a result of increased participation, investment by faculty in student success initiatives, and general accessibility of faculty outside of the classroom for assistance and support.

Special Programs

TCSG is significantly impacted by the HOPE Scholarship and HOPE Grant programs. In FY 2015, approximately 69 percent of TCSG students received financial aid from one of these two programs. Additionally, 73 percent of these students received federal financial aid from the PELL program. TCSG has a key role in the implementation of the Governor's Strategic Industries Workforce Development Grant (SIWDG), an extension of the HOPE Grant program. The Governor's Office and the Georgia Student Finance Commission identified a series of diploma, certificate, and degree programs as economically valuable to Georgia's growing economy. Students who enroll in these programs and who also qualify for HOPE Grant receive anywhere from \$250 per credit hour to over \$1,000 for full-time enrollment. This scholarship helps ease the financial burden of attending and, in some cases, results in no cost for participation in SIWDG programs. SIWDG covered 34,000 credit hours in FY 2014.

Results and Recommendations

The Technical Education funding formula for personal services is based on credit hour enrollment and the cost per credit hour as determined by the prior fiscal year's state appropriation. As a result, the funding formula is sensitive to extreme fluctuations in credit hour enrollment, as well as budget reductions. TCSG and the state's budget offices should evaluate the Technical Education funding formula.

TCSG maintains 83 satellite campuses, 76 of which provide technical instruction. Twenty satellite campuses have less than 200 students enrolled, and 12 of them have fewer than 100 students enrolled. While TCSG should continue to strive to offer equitable geographic access to students, TCSG should also evaluate all physical TCSG locations to determine the long-term viability of some satellite campuses to maintain efficiencies and lower overhead costs.

TCSG allocates \$20 million (6.6% of the state funds budget for the Technical Education program) to institutions based on the number of graduates. The system should continue to incorporate performance metrics into the internal allocation process to institutions and award additional funding to institutions that demonstrate excellence in driving student achievement.

Because the SIWDG program was implemented in FY 2014, very little graduation data is available. TCSG should begin collecting two-year graduation rates for students enrolled in the Strategic Industries Workforce Development Grant programs. The systems should include these graduation rates in the annual performance measure data reported to OPB. Annual reporting of the graduation rate of SIWDG programs will allow the Governor's Office to monitor the effectiveness of these investments in strategic industries.

The system only provides performance measures data related to credit hour enrollment, graduation, and retention. Additional performance measures should be created to reflect the performance of the program's other initiatives, such as increasing the number of adult learners over the age of 25, increasing dual enrollment, and graduating students in strategic industries programs.

Technical College System of Georgia
 ZBB Program: Technical Education

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Technical Instruction	Technical Instruction provides instruction that prepares graduates to obtain and retain employment, achieve job advancement, and/or pursue technical career education at more advanced levels.	OCGA 20-4-11	5,376.0	\$303,662,180	\$681,812,777
Community Based Continuing Education	Continuing education noncredit courses are provided to meet the needs of students who wish to gain specific knowledge and skills, but do not wish to enroll in a credit program. Community Based Continuing Education is a locally-driven rather than statewide program that responds to community needs and desires for quality noncredit short-term programs and courses offered on a cost-recovery basis. Need for and emphasis on continuing education services varies among technical colleges, depending on community demand for non-credit training to meet individuals' workforce training and life-long learning needs.	OCGA 20-4-11	87.0	0	16,957,429
Specialized Instructional Services	Specialized Instructional Services provide targeted populations with a variety of training and/or support services that will help prepare them for employment in today's workforce. Various support services range from assisting students to become involved in technical career training and stay in school until graduation, to working with non-custodial parents who have court-ordered child support obligations and Temporary Assistance for Needy Families (TANF) recipients and applicants to prepare for employment.	OCGA 20-4-11	47.0	0	11,359,509
Total			5,510.0	\$303,662,180	\$710,129,715

* (Listed in priority order as determined by Agency)

Technical College System of Georgia
 ZBB Program: Technical Education

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$446,979,139	\$461,871,650	\$497,177,710
Regular Operating Expenses	157,728,742	168,719,831	211,393,333
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Grants and Benefits			
Regents Program	1,493,095	1,558,672	1,558,672
Total Expenditures	\$606,200,977	\$632,150,153	\$710,129,715
Fund Type			
State General Funds	\$280,156,876	\$296,212,511	\$303,662,180
Federal Funds	43,674,912	45,953,720	62,196,348
Federal Recovery Funds	123,116		
Other Funds	282,246,073	289,983,922	344,271,187
Total Funds	\$606,200,977	\$632,150,153	\$710,129,715
Positions	5,409	5,467	5,510
Motor Vehicles*			870

*TCSG began reflecting the motor vehicles at the technical colleges in the FY 2016 budget.

Technical College System of Georgia
 ZBB Program: Technical Education

Performance Measures

Agency Purpose:

The Technical College System of Georgia provides technical, academic and adult education and training focused on building a well-educated, globally competitive workforce for Georgia.

Program Purpose:

The purpose of this program is to provide for workforce development through certificate, diploma, and degree programs in technical education and continuing education programs for adult learners, and to encourage both youth and adult learners to acquire postsecondary education or training to increase their competitiveness in the workplace.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Total enrollment in credit programs	156,800	151,150	143,658	135,786
2. Technical education retention rate	65.3%	62.2%	63.3%	64.0%
3. Two-year graduation rate of students who are enrolled in an award program with 12 hours and at least one vocational course in their enrollment history	56.0%	61.0%	62.2%	65.9%
4. Number of students that graduated in Strategic Industries Workforce Development Grant programs	N/A	N/A	3,049	9,176
5. Percentage of total credit hours that are associated with dual enrollment programs (Proposed)	2.50%	3.80%	4.89%	7.25%
6. Percentage of student enrollment over the age of 25 (Proposed)	48.05%	46.80%	45.06%	42.54%
7. State funds per credit hour (Proposed)	\$118.61	\$122.73	\$127.24	\$143.73
8. Percentage of total credit hours in occupational programs (Proposed)	69.61%	69.11%	69.31%	69.15%



FY 2017 Zero-Based Budget Analysis

Department of Transportation

ZBB Program: Capital Maintenance Projects

Executive Summary

- The Transportation Funding Act of 2015 (HB 170) should assist the Department of Transportation in reaching its goals of resurfacing 10 percent of roadway surfaces—1,800 centerline miles—and of rehabilitating three percent of state bridges—around 200 bridges—each year.
 - The department should streamline the process for prioritizing where to resurface. The current pavement evaluation process consists of two separate inspections, including an initial inspection of pavement conditions and a final inspection of roadway safety and risk factors. Each inspection generates rating results that are combined to produce a final inspection rating and priority list. Systematic algorithmic changes in the Computerized Pavement Condition Evaluation System (COPACES) that allow for the simultaneous consideration of pavement conditions and safety risk factors could generate a single inspection rating and project priority list. This simpler method would eliminate redundancy in the process and reduce staff time and costs.
 - The department should consolidate the Capital Construction Projects, Capital Maintenance Projects, and Local Road Assistance Administration programs to create a Capital Projects program. The consolidation will allow the department to better allocate resources through greater flexibility with available funding. The department could then determine the best use of funds for various local projects within the proposed Capital Projects program.
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Program Overview

The Capital Maintenance Projects program helps preserve the structural capacity and useful life of state roads and bridges throughout Georgia. The department's goal is to resurface a minimum of 10 percent of the 18,000 centerline miles of state roadway each year. This preventative program emphasizes treating pavement before it deteriorates to the point of needing full reconstruction.

Program oversight for the Capital Maintenance resurfacing activities is the responsibility of the State Maintenance Office, which is housed in the Routine Maintenance program. Individuals assigned to this program are primarily inspectors and other field maintenance personnel. Program oversight for bridge activities is the responsibility of the Bridge Inspection unit, which is also housed in the Routine Maintenance program but reports to the Bridge Office in the Construction Administration program.

Individuals assigned to Bridge Inspection are responsible for environmental studies, bidding, and other construction administration functions that lead to the letting of contracts.

The purpose of this review is to determine whether the program is operating efficiently and effectively. This review will also outline both the purpose and the anticipated impact of HB 170 on this program.

Results and Recommendations

Transportation Funding Act of 2015

HB 170, largely based upon the findings of the Joint Study Committee on Critical Transportation Infrastructure Funding, took effect July 1, 2015. The bill is expected to generate an estimated \$825 million in annual revenues.

In accordance with HB 170, the following priority areas will receive the additional funding:

- New construction (new highway projects)
- Infrastructure maintenance
- Bridge repairs and replacement
- Safety enhancements
- Administrative overhead

Resurfacing

The department's goal is to resurface annually a minimum of 10 percent of the 18,000 centerline miles of state pavement, eventually covering all state routes. Maintenance is typically required every 10 years based on the life cycle of the pavement. Over the past several years, funding rates for capital maintenance projects have significantly decreased due to federal funding cuts and/or the lag in federal funding. The resulting funding deficiency has led to the re-prioritization of projects and an increase in the number of projects deferred. For the past several years, the program has also been unable to meet its internal 10 percent resurfacing goal. Currently, only two percent of pavements are being resurfaced annually. This rate shifts the pavement resurfacing plan from a 10-year to a 50-year maintenance cycle.

The additional funds generated by HB 170 will allow the program to begin eliminating the backlog of resurfacing projects in order to meet the department's goal of resurfacing 10 percent of centerline miles annually and reestablishing the 10-year maintenance and repair cycle.

Bridges

GDOT has an internal goal to inspect all bridges and bridge culverts in the state (including county bridges) every two years. Bridges are evaluated in order to determine the load carrying capacity and to establish load posting requirements. A bridge has a 75-year life cycle. Georgia has 6,651 state-owned bridges and 8,024 locally owned bridges. For the past several years, federal funding deficiencies have slowed the maintenance and rehabilitation of the state's bridges. In addition, uncertainty about continued federal funding has contributed to a growing backlog of bridge maintenance projects. GDOT's goal is to replace 200 bridges per year. Last year, only 60 bridges were replaced.

The additional funds generated by HB 170 will allow the program to begin bringing structurally deficient or functionally obsolete bridges up to current safety standards. To further close any additional funding gaps, the FY 2016 budget includes a \$100 million bond package specifically for bridge repair.

Project Prioritization

With the help of the Georgia Institute of Technology, GDOT conducted a feasibility study on the Optimization of Safety on Pavement Preservation Projects. The study revealed the need to integrate safety improvements into the prioritization process. Currently, resurfacing pavement projects are initially prioritized and rated based on pavement conditions. A secondary rating is generated that incorporates safety conditions. The final project priority list is based on the aggregated pavement condition and safety condition ratings. The department should enhance the pavement resurfacing prioritization process by making systematic algorithmic changes in the Computerized Pavement Condition Evaluation System (COPACES) that simultaneously consider pavement conditions and safety risk factors.

Program Consolidation

In FY 2012, with the passage of HB 78, the Capital Maintenance Projects program was created. It was previously a Special Project in the State Highway System Maintenance program. The new program was established for the sole purpose of separately tracking the allocation and spending of capital outlay funds for maintenance projects. Similarly, the Capital Construction Projects program was created to track the allocation and spending of capital outlay funds for road construction and enhancement projects on local and state road systems. As a result of the General Assembly's desire to track the direct costs of letting construction contracts, capital outlay activities are the only transactions authorized in the programs.

The department should collapse the Capital Construction Projects, Capital Maintenance Projects, and Local Road Assistance Administration programs into one Capital Projects program. Capital Construction Projects, Capital Maintenance Projects, and Local Roads Assistance Administration should be created as subprograms. Each subprogram would retain its existing purpose while the allocation/expenditure of funds would continue to be tracked at the subprogram level. The consolidation of these programs will reduce the total number of departmental programs, eliminate redundancy, increase flexibility, and streamline administrative processes, which will improve operational effectiveness.

Department of Transportation
 ZBB Program: Capital Maintenance Projects

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Resurfacing Maintenance Contracts	Funds and tracks capital outlay activities from the design phase to award phase that result in the resurfacing of state routes in accordance with the Georgia Department of Transportation (GDOT) maintenance standards.	OCGA 32-2-2	0	\$33,883,404	\$178,052,363
Bridge Maintenance Contracts	Funds and tracks capital outlay activities from the design phase to award phase that result in the maintenance and rehabilitation of state bridges in accordance with the GDOT maintenance standards.	OCGA 32-2-2	0	7,600,000	47,000,000
Total			0	\$41,483,404	\$225,052,363

* (Listed in priority order as determined by Agency)

Department of Transportation
 ZBB Program: Capital Maintenance Projects

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Capital Outlay	\$219,073,198	\$118,767,569	\$225,052,363
Telecommunications			
Contractual Services		277,503	
Total Expenditures	\$219,073,198	\$119,045,072	\$225,052,363
Fund Type			
State Motor Fuel Funds	\$37,848,988	\$40,738,751	\$41,483,404
Prior Year State Motor Fuel Funds	1,054,539	847,926	
Other Funds	565,015		350,574
Federal Funds	179,604,656	77,458,395	183,218,385
Total Funds	\$219,073,198	\$119,045,072	\$225,052,363
Positions	0	0	0
Motor Vehicles	0	0	0

Department of Transportation
 ZBB Program: Capital Maintenance 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 for maintenance projects.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Percentage of interstate miles meeting GDOT maintenance standards (90% goal)	76%	83%	74%	80%
2. Percentage of state-owned bridges meeting GDOT maintenance standards (85% goal)	87%	86%	86%	89%
3. Percentage of state-owned non-interstate road miles meeting GDOT maintenance standards (90% goal)	71%	71%	73%	73%
4. Number of centerline miles of asphalt and concrete resurfacing completed on state routes annually (based on 1,800 centerline miles)	630	806	389	300



FY 2017 Zero-Based Budget Analysis

Department of Transportation

ZBB Program: Data Collection, Compliance
and Reporting

Executive Summary

- The department should continue to pursue recruitment and retention efforts designed to attract new talent and retain current employees in order to eliminate knowledge gaps in the program. Hiring and retaining employees will provide the department with the staff needed to meet program goals, which include updating 32 county maps on an annual basis.
 - The department should conduct a post implementation assessment at the end of FY 2016 to determine the effectiveness of the base salary adjustments for Geospatial Information System (GIS) and data analyst positions on recruitment and retention efforts. The assessment will also provide the department with valuable information related to the employee turnover rate before and after the base salary adjustments.
 - The department should reconcile its position count to accurately reflect 31 authorized positions. Since 2010, the program has reduced its staffing level from 81 positions to 31 positions as a result of outsourcing approximately 50 positions for traffic data collection and statewide road data collection.
-

Program Overview

The Data Collection, Compliance and Reporting program is the department's principal source for highway and traffic data. The program gathers data directly through automated means and field personnel or indirectly through other governmental entities for road inventory and traffic data collection. The program also produces the official state transportation and county maps, establishes and manages maintenance agreements for the purchase of right-of-ways, establishes and manages the functional classifications of public highways, and publishes mandatory federal reports.

This program is important because it helps meet numerous state and U.S. Code reporting requirements. Specific to transportation funding, this program is required to file the Transportation Planning Work Plan (TPWP) and the Highway Performance Monitoring System (HPMS) reports on an annual basis. If the TPWP is not filed, the office risks losing State Planning and Research funding. If the HPMS report is not filed, the State of Georgia risks losing all federal transportation funding.

The purpose of this review is to determine whether the program is operating efficiently and effectively.

Results and Recommendations

County Maps

State code requires county maps be updated at least every five years. Therefore, a minimum of 20 percent of all 159 county maps should be updated annually. The percentage of miles inventoried is calculated by adding the number of public road miles on the county maps updated in a specific year and dividing that number by the statewide public mileage total. The program needs an appropriate level of qualified staff to meet this goal.

During FY 2015, the program experienced significant staff turnover in the area of county map production. Two positions have primary responsibility for updating state and county maps. However, other staff assigned to road inventory data and traffic data activities play a role in collecting and reporting map data. These positions include both GIS and data administration positions. In FY 2015, retention and recruitment efforts included increasing the base salary for GIS and data analyst positions.

The department should continue to pursue recruitment and retention efforts designed to attract new talent and retain current employees in order to eliminate knowledge gaps in the program. The department should also review the effectiveness of the base salary adjustments for GIS and data analyst positions on recruitment and retention efforts at the end of FY 2016.

Expenditure Alignment

A state match is required for the program to receive funds from the Federal Highway Administration. The amount of state funds in the program exceeds the necessary amount of match. The department should transfer the excess funds to the Departmental Administration program.

Position Count Reconciliation

Since 2010, the program has reduced its staffing level from 81 positions to 31 positions. Currently the program has 56 authorized positions. During fiscal years 2014 and 2015, the program operated with 25 and 23 full-time employees, respectively. The department should reconcile the position count to accurately reflect 31 authorized positions.

Department of Transportation
 ZBB Program: Data Collection, Compliance and Reporting

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Road Inventory Data	Maintains the official record of the state highway system which consists of an official map and a written record. The written record will have priority in case of conflict between the two.	OCGA 32-4-2(e) & (f)	22	\$1,299,338	\$6,158,271
Traffic Data	Keeps written records of the mileage on all public roads on the state highway system and on each of the county road systems.	OCGA 32-4-2(b)	21	992,561	4,704,289
State and County Maps	Prepares an official map showing all public roads on the state highway system.	OCGA 32-4-2(a)(1)	2	299,141	1,417,791
Federal Reporting	Provides data to support the Federal Highway Administration's responsibilities.	US Title 23 CFR (Code of Federal Regulations)	6	117,153	555,254
Highway Systems Management	Manages state and federal highway systems, including coordination updates to the state's major highway systems and urban area boundaries.	OCGA 32-4-20 OCGA 32-4-1 US Title 23 CFR (Code of Federal Regulations)	5	117,153	555,255
Total			56	\$2,825,346	\$13,390,860

* (Listed in priority order as determined by Agency)

Department of Transportation
 ZBB Program: Data Collection, Compliance and Reporting

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$2,036,718	\$2,007,332	\$3,707,256
Regular Operating Expenses	185,565	409,071	470,249
Motor Vehicle Purchases			
Equipment		24,264	
Computer Charges	1,268	10,082	15,000
Real Estate Rentals		222,295	0
Telecommunications	140,615	53,653	150,000
Contractual Services	10,494,436	4,575,084	9,048,355
Total Expenditures	\$12,858,602	\$7,301,781	\$13,390,860
Fund Type			
State Motor Fuel Funds	\$2,689,975	\$1,180,074	\$2,825,346
Prior Year State Motor Fuel Funds			233,000
Other Funds	119	57,428	62,257
Federal Funds	10,168,508	6,064,279	10,270,257
Total Funds	\$12,858,602	\$7,301,781	\$13,390,860
Positions	25	23	56
Motor Vehicles	19	5	5

Department of Transportation
 ZBB Program: Data Collection, Compliance and Reporting

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 support numerous state and US Code requirements for collecting, managing, processing, maintaining, and reporting various types of roadway data.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Percentage of miles in the public road system inventoried (includes all roads)	9%	72%	36%	8%
2. Percentage of reports filed on time that assist in establishing Georgia's federal funding level	100%	100%	100%	100%
3. Number of county maps produced annually (goal is 32 maps per year)	11	108	45	13

*FY 2013 performance is due to a one-time project to update county maps.



FY 2017 Zero-Based Budget Analysis

Department of Transportation

ZBB Program: Payments to State Road and
Tollway Authority

Executive Summary

- The budget should provide \$2,202,834 for debt service.
 - The authority should continue providing Tier 1 and Tier 2 counties with information about the Georgia Transportation Infrastructure Bank (GTIB) program.
 - The authority should expand the number of states where the Peach Pass can be used.
 - The authority should continue to work with the Georgia Regional Transportation Authority (GRTA) to realize efficiencies through shared services.
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Program Overview

The State Road and Tollway Authority (SRTA) operates transportation facilities that collect tolls and acts as the transportation financing arm of the state. The Department of Transportation (GDOT), through its Payments to State Road and Tollway Authority program, passes along a state appropriation to fund GTIB, debt service payments, and operating expenses. As an independent state authority, SRTA has broad transportation funding, construction, and operating authorizations, which have been focused on constructing and financing new toll facilities (managed lane projects) over the past several years. The authority collects other funds, such as toll revenue and violation fees, in addition to the state appropriation received through GDOT. For the purpose of this review, the results and recommendations and the performance measures relate to SRTA as a state authority, while the key activities and financial summary relate to SRTA as a pass-through program within GDOT.

Results and Recommendations

Past, Present, and Future Toll Projects

Tolls on GA 400 ended on November 22, 2013. While in service, the tolls generated around \$20 million per year. Since the closure of the GA 400 tolls, the I-85 Express Lanes have not generated enough revenue to cover all of SRTA's costs. In response to this, the authority has had to utilize reserves as well as funds appropriated by the state.

The I-75 South Metro Express Lanes are expected to open in January of 2017. The project will add two toll lanes that span 12 miles along I-75 south of Atlanta. In addition, the Northwest Corridor Express Lanes project, which is expected to open in spring of 2018, will add approximately 30 miles of reversible toll lanes north of Atlanta. While these lanes will bring in additional revenue, they will also incur additional costs. SRTA will contract with GDOT for maintenance and staff to manage the reversible lanes. Staff will include traffic management operators as well as HERO Unit drivers.

As currently projected, the new managed lanes will not cover the cost of SRTA's debt service (\$2,202,834) or operations (\$7,920,810). In FY 2017, additional funds will be needed for debt service. In order to cover the \$7.9 million gap in operating funds, the authority will sell a piece of property on 17th Street in Atlanta. The budget should include \$2,202,834 for debt service.

Georgia Transportation Infrastructure Bank

The Georgia legislature established GTIB in 2008. The program offers five- to 25-year low-interest loans, as well as grant funds, to local governments and community improvement districts for transportation projects eligible to use motor fuel funds, which support roads and bridges. The FY 2016 appropriations bill (HB 76) requires that 25 percent of GTIB funds be awarded to Tier 1 and Tier 2 counties. Tier 1 and Tier 2 counties are Georgia's least developed counties. This designation stems from the unemployment rate, per capita income, and the percentage of residents below the poverty level. SRTA staff are working to further educate Tier 1 and Tier 2 counties about GTIB resources and have met with the Georgia Municipal Association and the Association of County Commissioners of Georgia.

Moving Ahead for Progress in the 21st Century Act (MAP-21)

MAP-21, which funds surface transportation programs, was signed into law by President Obama on July 6, 2012 and is currently up for reauthorization. When signed in 2012, it was the first long-term highway authorization enacted since 2005.

A portion of MAP-21 focuses on tolls. Map-21 requires that all federal-aid highway toll facilities provide for the interoperability of electronic toll collection by October 1, 2016. This portion of MAP-21 is an unfunded federal mandate. SRTA's "Peach Pass" is now interoperable with Florida's "Sun Pass" and North Carolina's "Quick Pass," meaning that a Peach Pass customer can use toll facilities in these two states and the toll fees will be charged to the customer's Peach Pass account. Conversely, Sun Pass and Quick Pass customers can use Georgia's toll facilities and be billed via their home state accounts. SRTA is also working to make the Peach Pass usable with the toll systems in the states of Alabama, Louisiana, and South Carolina. SRTA should work toward making the Peach Pass interoperable with all east coast toll systems by the federal deadline.

Shared Services

The executive director of SRTA also serves as the executive director of GRTA. The authorities share similar transportation focuses. As such, SRTA and GRTA should continue to work to realize efficiencies through shared services. Areas for review include human resources, financial services, legal services, information technology, and marketing and communications. The authorities are working with a consulting group to evaluate an internal reorganization strategy to allow for better allocation of resources.

Department of Transportation
 ZBB Program: Payments to State Road and Tollway Authority

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Bond Management	Provides funds for required annual debt service payments on outstanding bonds.	OCGA 32-10-60 et seq.	0	\$83,098,502	\$233,654,412
Georgia Transportation Infrastructure Bank	Provides low interest loans and grants to local governments and community improvement districts for transportation infrastructure projects.	OCGA 32-10-121 et seq.	0	12,999,055	12,999,055
Other Operating Activities	Funds operating expenses, such as I-85 High Occupancy Vehicle (HOV) lanes and High Occupancy Toll (HOT) express lane contracts.	OCGA 32-10-90 OCGA 32-10-90.1	0	3,388,395	3,388,395
Total			0	\$99,485,952	\$250,041,862

* (Listed in priority order as determined by Agency)

Department of Transportation
 ZBB Program: Payments to State Road and Tollway Authority

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services			
Regular Operating Expenses			
Motor Vehicle Purchases			
Equipment			
Computer Charges			
Real Estate Rentals			
Telecommunications			
Contractual Services			
Payments to State Road and Tollway Authority	\$243,134,603	\$247,994,653	\$250,041,862
Total Expenditures	\$243,134,603	\$247,994,653	\$250,041,862
Fund Type			
State General Funds			\$7,639,539
Motor Fuel Funds	\$92,581,094	\$97,440,582	91,846,413
Federal Funds	150,553,509	150,554,071	150,555,910
Total Funds	\$243,134,603	\$247,994,653	\$250,041,862
Positions	0	0	0
Motor Vehicles	0	0	0

Department of Transportation
 ZBB Program: Payments to State Road and Tollway Authority

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 fund debt service payments, other finance instruments, and operations.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Percentage of Guaranteed Revenue Bonds, Reimbursement Revenue Bonds, or Grant Anticipation Revenue Bonds payment schedules reviewed prior to the 1st monthly payment (Target: 100%)	100%	100%	100%	100%
2. Percentage of Guaranteed Revenue Bonds, Reimbursement Revenue Bonds, or Grant Anticipation Revenue Bonds payments made in accordance with the agreed upon payment schedule	100%	100%	100%	100%
3. Percentage of funds allocated to the Georgia Transportation Infrastructure Bank program for qualified applications of Tier 1 and Tier 2 counties	N/A	N/A	N/A	N/A



FY 2017 Zero-Based Budget Analysis

Department of Transportation

ZBB Program: Traffic Management and
Control

Executive Summary

- The Transportation Funding Act of 2015 (HB 170) should assist the department in reaching its program goals of enhancing transportation safety and easing congestion by supporting the installment of cable barrier systems, roundabouts, and diverging diamond interchanges throughout the state highway system.
-

Program Overview

The Traffic Management and Control program addresses issues of congestion and safety as they relate to the transportation network, especially limited-access freeways and arterial roadways. The program strives to develop projects and plans designed to lessen the impact of congestion on motorists and the freight community, while providing safety enhancements.

Recent improvements in the delivery and outcome of the program include the development of a Regional Traffic Operations program that focuses on signal operations in key commuting corridors, the expansion of the coverage area of the Navigator Intelligent Transportation System, the installation of cable barriers on various limited-access freeways, the installation of roundabouts and diverging diamond interchanges at key intersections, the installation of Road Weather Information Systems, and the automation of the permitting process for oversized loads in the trucking industry. The program's biggest opportunities for improvement in the future include the continuing deployment of safety projects (such as cable barrier systems) and congestion mitigation projects. With population growth and the associated increase in traffic on roadways, the Georgia Department of Transportation (GDOT) will need to continue to focus on projects that are designed to address safety and congestion issues.

The purpose of this review is to determine whether the program is operating efficiently and effectively. This review will also outline both the purpose and the anticipated impact of HB 170 on this program.

Results and Recommendations

Transportation Funding Act of 2015

HB 170, largely based upon the findings of the Joint Study Committee on Critical Transportation Infrastructure Funding, took effect July 1, 2015. The new law is expected to generate an estimated \$825 million in annual revenues.

In accordance with HB 170, the new funds will be spent in the following areas, accounting for priority:

- New construction (new highway projects)
- Infrastructure maintenance
- Bridge repairs and replacement
- Safety enhancements
- Administrative overhead

Safety and Congestion Projects

For the Traffic Management and Control program, HB 170 will generate resources to fund both deferred safety projects and new projects designed to address safety and congestion issues. Examples include the installation of cable barriers on freeways, roundabouts, and diverging diamond interchanges at key intersections. The department should continue to develop new initiatives and projects designed to reduce congestion and vehicle incidents in Georgia.

Department of Transportation
 ZBB Program: Traffic Management and Control

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Navigator Intelligent Transportation System operations (Operated by Atkins contractors)	Operates the Navigator Intelligent Transportation System which is a system made up of traffic cameras, electronic message signs, vehicle detection systems, ramp meters, and an event management system designed to maximize efficiency of the transportation network. Provides traveler information for all state routes via a website, apps, and social media outlets.	OCGA 32-2-2(1) OCGA 32-2-4	57	\$5,638,893	\$30,936,828
Incident Management and Traffic Control	Provides Highway Emergency Response Operator (HERO) assistance at the scene of traffic incidents. The Towing and Recovery Incident Program (TRIP) provides heavy-duty towing and recovery companies with monetary bonuses for the quick clearance of large commercial vehicle incidents in the Metro Atlanta area.	OCGA 38-3 OCGA 40-6-275	95	501,670	8,215,796
Traffic Signal Management Program	Manages traffic on key commuting corridors by monitoring 9,500 traffic signals across the state. Each of the seven districts has a signal crew that focuses on signal timing, synchronization, and maintenance.	OCGA 32-6-50	202	15,229,999	44,176,249
Permit and Routing Information	Issues permits and provide routing information for oversized/overweight vehicles desiring to use the state highway system. Manages call center operations related to permit and routing information.	OCGA 32-6-1 OCGA 32-6-2 OCGA 32-6-29	10	25,039	777,321
Utilities	Provides functional guidance on utility and railroad encroachments, and issues permits, utility adjustments and relocations, reimbursable agreements, utility and railroad billings, utility/construction mitigation and project certification for FHWA funds.	OCGA 25-9 OCGA 32-6-1 OCGA 32-6-9 OCGA 32-6-170 OCGA 32-6-171 OCGA 32-6-172 OCGA 32-6-173 OCGA 32-6-174	22	476,000	9,410,433
Total			386	\$21,871,601	\$93,516,627

* (Listed in priority order as determined by Agency)

Department of Transportation
 ZBB Program: Traffic Management and Control

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$23,255,324	\$24,750,380	\$24,759,538
Regular Operating Expenses	9,651,109	13,425,837	9,206,293
Motor Vehicle Purchases	1,797,492	322,872	1,000,000
Equipment	69,694	340,377	47,288
Computer Charges	1,611,301	2,466,162	1,096,974
Real Estate Rentals		212,630	14,000
Telecommunications	467,882	643,205	657,461
Capital Outlay	15,380,817	37,937,068	31,151,427
Contractual Services	41,554,800	9,223,296	25,570,128
Grants and Benefits	450,000	450,000	13,518
Total Expenditures	\$94,238,419	\$89,771,827	\$93,516,627
Fund Type			
State Motor Fuel Funds	\$19,424,061	\$19,240,676	\$21,871,601
Prior Year-State Motor Fuel Funds	5,850,054	2,470,764	
Other Funds	22,464,911	22,513,184	25,534,484
Federal Funds	46,499,393	45,547,203	46,110,542
Total Funds	\$94,238,419	\$89,771,827	\$93,516,627
Positions	343	348	386
Motor Vehicles	308	311	311

Department of Transportation
 ZBB Program: Traffic Management and Control

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 address issues of congestion and safety as they relate to the transportation network, especially limited-access freeways and arterial roadways. The program strives to introduce projects, programs, and concepts designed to lessen the impact of congestion on motorists and the freight community, while providing safety enhancements.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of fatalities (per calendar year)	1,236	1,199	1,188	1,170
2. Number of Highway Emergency Response Operator (HERO) motor assists	119,839	109,880	104,323	105,420
3. Average Highway Emergency Response Operator (HERO) response time (in minutes)	12	13	13	11
4. Travel time index - morning commute in general public lanes	1.39	1.47	1.41	1.38
5. Travel time index - evening commute in general public lanes	1.34	1.38	1.43	1.43



FY 2017 Zero-Based Budget Analysis

Department of Veterans Service

ZBB Program: Veterans Benefits

Executive Summary

- Federal and other funds in the Veterans Benefits program should be reduced, and some of these funds should be transferred to the Georgia Veterans Memorial Cemetery program and Georgia War Veterans Nursing Homes program.
- The department should realign object classes to reflect annual operating budget (AOB) policies and procedures.
- The Department of Veterans Service (DVS) should implement alternative policies to manage the increased number of veterans seeking representation at appeals hearings, as well as other assistance, during the state and federal veterans' benefits approval process.
- DVS should determine if Veterans Field Service Offices are strategically located based on number of veterans, need, and geographic accessibility.
- The department should develop meaningful statistics to monitor program and agency performance.

Program Overview

The Veterans Benefits program in the Department of Veterans Service (DVS) serves Georgia's veterans, as well as their dependents and survivors, in all matters pertaining to veterans' benefits. The program accomplishes this goal by informing veterans and their families about veterans' benefits and by directly helping them secure the benefits for which they qualify. The Veterans Benefits program has three subprograms: Field Operations, Claims, and Education and Training. The purpose of this review is to assess the Veterans Benefits program's activities against its statutory responsibilities, purpose, cost to provide services, and desired performance outcomes.

Results and Recommendations

Realign program budgets to reflect actual expenditures.

Currently, DVS budgets \$2,000,000 in federal funds and \$2,000,000 in other funds in the Veterans Benefits program. However, these funds are actually used on capital projects in the Georgia Veterans Memorial Cemetery program and the Georgia War Veterans Nursing Homes program. In fiscal year 2014, DVS expended \$334,989 in other funds and \$317,006 in federal funds, for \$651,995 in total capital outlay expenditures. In FY 2015, DVS expended \$410,312 in other funds and \$23,435 in federal funds, for \$433,747 in total capital outlay expenditures.

To more accurately reflect annual expenditures, DVS's annual appropriation should be reduced by \$1,250,000 in federal funds and \$1,250,000 in other funds. Accordingly, \$750,000 in federal funds and \$750,000 in other funds will be redirected from the Veterans Benefits program to the Georgia Veterans Memorial Cemetery program and the Georgia War Veterans Nursing Homes program, respectively. Additional funds can be amended into the annual operating budget through a Federal and Other Funds amendment.

The Veterans Benefits program will continue to be appropriated \$627,440 in federal funds to approve and supervise all educational institutions and training establishments that offer education and training as part of the Veterans Educational Assistance Program.

Realign object classes to reflect Annual Operating Budget (AOB) policies and procedures

The Veterans Benefits program is currently budgeting the adjustment to agency premiums for self-insurance programs administered by the Department of Administrative Services in a unique object class, Regular Operating Expenses/Projects and Insurance. This expenditure should be budgeted in the object class, Personal Services. To correctly budget for this expenditure, DVS should submit an Internal Transfers amendment to their annual operating budget (AOB) prior to the cut-off amendment.

Implement alternative approaches to manage increased number of appeals hearings and claims for federal and state veterans' benefits.

A core responsibility of the Veterans Benefits program is to represent veterans, their dependents and survivors in appeals hearings for denied or proposed reductions for compensation and pension claims. The term, "compensation and pension," is the Department of Veterans Affairs (VA) Monetary Benefit Program, which makes payments on behalf of a veteran's disability or death. Compensation is related to a service connected disability. Pension is an income-based benefit for veterans who served during a period of war and has a disability that is not related to military service.

For the last several years, the number of hearings before decision review officers (DROs) and Board of Veterans Appeals (BVA) judges has increased. As of November 1, 2015, DVS staff have represented veterans at 2,574 hearings, compared to 1,290 hearings as of November 1, 2014. The number of appeal's hearings has increased because the VA hired 110 judges to eliminate the existing backlog of cases. The VA has indicated the backlog of appeals hearings should be cleared within five years (by the year 2020).

In other states, veteran service organizations (VSOs), such as the American Legion, Veterans of Foreign Wars, Disabled American Veterans, and American Ex-Prisoners of War, have the ability to independently represent veterans at appeals hearings and provide assistance to veterans filing claims with the VA. VSOs in the state of Georgia have delegated this authority to DVS. DVS is the only recognized VSO in the state of Georgia. DVS should work with other VSOs to (1) become accredited representatives and (2) to create a memorandum of understanding (MOU) with VSOs that explicitly states the services to be provided by each party and, if applicable, the form of compensation to be exchanged for representing veterans at appeals hearings. Taking this action will allow DVS to focus on the veterans who request services directly from the department, instead of veterans who initially request services from a VSO. Except in specific cases of travelling to and from VSO-sponsored events, claims and appeals officers are not compensated by VSOs for representing veterans who belong to their organization.

DVS may also consider utilizing administrative staff in the Claims subprogram as veterans field service officers, while transferring any affected staff to the Field Operations subprogram. Currently, claims and appeals officers represent veterans during appeals hearings in addition to providing information and assistance to veterans applying for federal and state veteran's benefits. Dividing separate duties and tasks among separate employees will enable DVS to more successfully manage an influx of both appeals hearings and veterans seeking assistance during the application process for federal and state benefits.

Study the locations of Veterans Field Service Offices based on number of veterans, need, and geographic accessibility

Fifty-two Veterans Field Service Offices and 26 satellite offices are located throughout the state to assist and inform veterans, their dependents, and their survivors as they apply for federal and state veteran benefits. Combined, 78 sites provide one-on-one assistance to veterans. Staffing at offices can vary from one to four staff members; Itinerant Sites are only open several days per month, with Veterans Field Service Officers occasionally travelling to those locations. DVS should do the following:

1. Use geospatial data to evaluate the locations of Veteran Field Service Offices and Itinerant Sites to determine if the offices are strategically placed based on volume, need, and geographic accessibility.
2. Investigate the feasibility of transitioning Veterans Field Service Offices with lower volumes of office visits to Itinerant Sites (or vice versa).
3. Explore alternative approaches of service delivery; DVS may consider using videoconferencing, a series of podcasts, or YouTube® videos to remotely assist and inform veterans about state and federal veteran benefits.

The department should also consider collaborating with VSOs to ensure that veterans are receiving optimal assistance when applying for federal and state veterans' benefits. Since veterans require assistance to navigate the complexities of federal and state regulations, DVS should work with VSO representatives to make certain that VSO representatives are up-to-date on such rules and regulations relating to federal and state veterans' benefits.

Monitor program performance with meaningful statistics

Each year, DVS is statutorily required to provide the Governor, General Assembly, and the Veterans Service Board with an annual report containing data and information from the previous calendar year. DVS complies with this statute. However, DVS should develop and monitor more meaningful statistics in an effort to better track the performance of the Veterans Benefits program. Current statistics collected by DVS are workload-related and do not indicate meaningful transactions between veterans and staff at DVS. While the following list is not exhaustive of the statistics that DVS should consider collecting, this list attempts to measure program performance more thoroughly than currently existing statistics.

- A new statistic should track the number of claims for monetary benefits submitted by veterans, dependents, or survivors, in which a veterans field service officer assisted. A separate, but related statistic should track the number of claims that are successfully awarded by the VA. Currently, DVS aggregates the number of claims that are both initiated and/or completed.
- A new statistic should monitor the number of unduplicated veterans receiving services from a Veterans Field Service Office. Currently, DVS collects the number of office visits to Veteran Field Service Offices.

- A new statistic should examine the number of veterans currently enrolled and benefiting from Veterans Education Assistance Program benefits at (1) educational institutions and (2) training establishments. This statistic should not be aggregated to include both educational institutions and training establishments. Currently, DVS aggregates the number of veterans who have started or completed an application for education and training benefits.
- DVS may also consider giving veterans a survey and rating their satisfaction with services received at Veterans Field Service Offices. In the past, DVS has given a customer satisfaction survey to veterans at the Georgia War Veterans Nursing Homes.

Department of Veterans Service
 ZBB Program: Veterans Benefits

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Veterans Information and Assistance	Assists veterans with completing applications and gathering documents related to claims for veterans' benefits.	OCGA 38-4-8	97	\$5,391,636	\$9,391,636
Appeals	Counsels veterans, their dependents, and survivors during the appeals process for denied claims.	OCGA 38-4-7	16	1,006,839	1,006,839
Veterans Education and Training	Approves and supervises all educational institutions and training establishments that offer education and training under the provisions of the Veterans Educational Assistance Program.	USC Title 38 OCGA 38-4-30	8		627,440
Total			121	\$6,398,475	\$11,025,915

* (Listed in priority order as determined by Agency)

Department of Veterans Service
 ZBB Program: Veterans Benefits

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$5,978,164	\$6,115,353	\$6,288,178
Regular Operating Expenses	473,240	363,210	180,107
Real Estate Rentals	304,438	285,760	266,579
Telecommunications	90,908	83,677	196,219
Contractual Services	48,935	1,918	14,712
Regular Operating Expenses/Projects & Insurance	40,272	39,472	80,120
Capital Outlay	651,995	433,747	4,000,000
Total Expenditures	\$7,587,952	\$7,323,138	\$11,025,915
Fund Type			
State General Funds	\$6,249,667	\$6,257,695	\$6,398,475
Federal Funds	1,003,295	655,131	2,627,440
Other Funds	334,989	410,312	2,000,000
Total Funds	\$7,587,952	\$7,323,138	\$11,025,915
Positions	113	117	121
Motor Vehicles	2	2	2

Department of Veterans Service
 ZBB Program: Veterans Benefits

Performance Measures

Agency Purpose:

The Department of Veterans Service serves Georgia veterans, their dependents, and survivors in all matters pertaining to veterans benefits.

Program Purpose:

The purpose of the Veterans Benefits program is to serve Georgia's veterans, their dependents, and survivors in all matters pertaining to veterans' benefits by informing the veterans and their families about veterans' benefits, and directly assisting and advising them in securing the benefits to which they are entitled.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of veterans in Georgia (per calendar year)	773,337	776,205	774,464	752,882
2. Veterans compensation and pension dollars per Georgia veteran (per calendar year)	\$2,761	\$2,693	\$3,205	\$3,991
3. Number of schools and training establishments approved through the State Approving Agency	1,511	1,563	1,624	1,654
4. Number of veterans per Veterans Field Service Office	15,467	15,220	14,894	14,762
5. Number of appeals hearings (per calendar year)	2,212	2,826	2,602	2,716
6. Number of Veterans Field Service Offices	50	51	52	51



FY 2017 Zero-Based Budget Analysis

State Board of Workers' Compensation ZBB Program: Administer the Workers' Compensation Laws

Executive Summary

- Compliance officers' travel costs are high and exceed policy standards. The agency should restructure the way compliance checks are completed and continue analyzing methods to keep travel costs under control.
- Caseloads within the dispute resolution division are relatively low, while the enforcement division has compliance officers covering large territories. Any vacancies in dispute resolution should be redirected to enforcement.

Program Overview

The Administer the Workers' Compensation Laws program at the State Board of Workers' Compensation resolves disputes involving workers' compensation claims, ensures timely and efficient processing of claims, and enforces workers' compensation laws. The program provides mediation hearings to help resolve disputes, as well as trial hearings to resolve disputes that mediations could not. In fiscal year 2014, program staff provided 2,755 mediations and presided over 655 trial hearings.

Through an integrated claims management system, all workers' compensation injury claims in the state are processed and reviewed. In FY 2014, over 39,000 claims were received.

The program has five compliance officers who work to ensure Georgia's businesses are in compliance with the law and three fraud investigators who investigate claims of fraud. In FY 2014, program staff completed over 4,800 compliance visits and investigated over 130 claims of fraud. The purpose of this review is to ensure that this program is functioning efficiently and effectively.

Results and Recommendations

Pursue options to reduce the cost of travel

There are five compliance officers (COs) that travel, on average, four days a week in their designated region to determine if businesses are in compliance with the workers' compensation laws. Businesses with three employees or more must provide proof of insurance. These officers perform this statutorily required function by using their own cars and submitting reimbursement for their mileage. Since FY 2013, mileage reimbursement for the officers has increased each year. In FY 2015, the average reimbursement for a compliance officer was \$9,370, which equates to over \$46,000 for five employees. At a reimbursement rate of 55 cents per mile, the average officer drove 17,036 miles in FY 2015. This

level exceeds the Department of Administrative Services' (DOAS) recommended policy of 14,000 miles for personal vehicles. The State Board of Workers' Compensation has expressed a desire to reduce travel expenses and is currently implementing new procedures for the compliance officers to follow to achieve this goal. These strategies include planning trips more efficiently and staying at hotels instead of driving hundreds of miles daily. Any efforts to reduce travel reimbursement costs should not be made at the expense of the number of compliance contacts or visits.

It is unknown whether these changes will bring down the cost of travel or not. In the past, SBWC has worked with the Department of Labor (DOL) to develop a list of businesses around the state that have no coverage or lapsed coverage. DOL provided a list of all licensed businesses in the state, and then cross-referenced it with the verified insurance holders provided by the National Council on Compensation Insurance (NCCI). Unfortunately, when SBWC began searching these businesses in the NCCI database, many in fact did have current insurance. Businesses that did not have workers' compensation insurance were mailed a Notice of Verification and were required to show proof of insurance within 15 days. Some businesses responded showing they recently purchased insurance, while others had gone out of business. Some responses (or lack thereof) required the division to make in-person visits to businesses.

SBWC and DOL should continue working with one another to develop a more accurate list, upon which the enforcement division can rely. With such a system in place, travel costs for the officers would reduce and visits to businesses would be limited and more effective. Instead of choosing an area to monitor based on geography, officers would plan trips based on verified instances of non-compliance. Because many businesses believed to be in non-compliance will respond via mail or fax, the total number of businesses contacted by all means should increase, even though number of physical in-person visits may decline.

SBWC should purchase state vehicles for compliance officers if travel-related expenditures continue to exceed DOAS policy. Under this alternative, SBWC should prioritize funding so that each compliance position has a state vehicle.

Redirect funds from dispute resolution to enforcement

At the end of FY 2015, twenty administrative law judges presided over seven regions in the state. During the second half of the fiscal year, two judges retired. These judges heard 655 cases during FY 2014, which is an average of 33 cases per judge each year, or less than three per month. The low caseload of the judges is likely a result of the effectiveness of the mediations; during the past three years, 80 percent of disputes have been resolved in mediation prior to going to trial.

Five compliance officers and three fraud investigators work in the enforcement division. These officers cover the entire state to complete their respective tasks. Due to the low number of enforcement workers, only 2 percent of Georgia's 215,000 businesses underwent a compliance check in 2014. If there are efficiencies, the agency should consider transferring funds to the Enforcement division to cover additional compliance officer positions.

State Board of Workers' Compensation
 ZBB Program: Administer the Workers' Compensation Laws

Key Activities

Activity*	Description	Authority	No. of Positions	FY 2016 State Funds	FY 2016 Total Budget
Alternative Dispute Resolution Hearings	Oversees mediations to provide the worker's compensation system with an efficient alternative to litigation.	OCGA 34-9-100	13	\$1,497,622	\$1,497,622
Trial Hearings	Conducts evidentiary hearings in contested cases as well as cases when mediation was either inappropriate or did not result in resolution.	OCGA 34-9-47, 34-9-102	45	5,523,593	5,523,593
Appellate Rulings	Hears appeals to the decisions of an Alternative Dispute Resolution or Trial Division administrative law judge.	OCGA 34-9-47, 34-9-103	12	1,476,693	1,476,693
Settlement of Claims	Assists the Board in the review and approval of stipulated settlements and lump sum advances, responds to status inquiries, and provides information to customers.	OCGA 34-9-15, 34-9-222	7	615,289	615,289
Claims and Document Processing	Processes incoming and outgoing correspondence and reviews claim file activity for timely payment of benefits, submission of Board files, and closure of claim files. Also helps to improve processes for all users of the Workers' Compensation system by utilizing an enhanced call center to handle customer questions and inquiries.	OCGA 34-9-80-86	32	1,663,309	1,971,662
Enforcement	Ensures that businesses in Georgia are in compliance with all rules and regulations of the Workers' Compensation Law and deters fraud through public relations and investigations.	OCGA 34-9-24	13	1,296,771	1,296,771
Managed Care and Rehabilitation	Assists in the application and certification of Rehabilitation Suppliers and Managed Care Organizations.	OCGA 34-9-200.1, 34-9-208	4	369,173	369,173
Total			126	\$12,442,450	\$12,750,803

* (Listed in priority order as determined by Agency)

State Board of Workers' Compensation
 ZBB Program: Administer the Workers' Compensation Laws

Financial Summary

Objects of Expenditure	Expenditures		FY 2016
	FY 2014	FY 2015	Current Budget
Personal Services	\$11,485,461	\$11,588,498	\$12,241,776
Regular Operating Expenses	155,613	342,617	146,622
Computer Charges			1,314
Real Estate Rentals	205,039	263,684	264,775
Telecommunications			16,208
Contractual Services	74,069	63,086	80,108
Total Expenditures	\$11,920,183	\$12,257,885	\$12,750,803
Fund Type			
State General Funds	\$11,641,830	\$11,944,532	\$12,442,450
Other Funds	278,353	313,353	308,353
Total Funds	\$11,920,183	\$12,257,885	\$12,750,803
Positions	119	114	126
Motor Vehicles	0	0	0

State Board of Workers' Compensation
 ZBB Program: Administer the Workers' Compensation Laws

Performance Measures

Agency Purpose:

The purpose of this agency is to administer the workers' compensation law under Title 34-9-40 of the State of Georgia.

Program Purpose:

The purpose of this program is to resolve disputes involving workers' compensation claims between injured workers, employers and insurance companies. The program also ensures the timely and efficient processing of workers compensation claims and compliance with the workers' compensation laws.

Performance Measures	Actuals			
	FY 2012	FY 2013	FY 2014	FY 2015
1. Number of mediations held	2,260	2,170	2,755	2,149
2. Number of claims received	36,595	33,865	39,428	38,803
3. Number of trial hearings	737	679	655	N/A
4. Number of appeals hearings	640	550	450	N/A
5. Number of enforcement compliance visits to Georgia employers	4,930	4,955	4,858	N/A
6. Number of investigations of fraud	134	118	137	N/A
7. Number of fraud prosecutions	35	37	38	N/A
8. Percentage of businesses investigated who were found in non-compliance	9%	9%	9%	9%
9. Percentage of mediations that result in settlement	78%	82%	81%	88%
10. Percentage of cases disposed of within 60 days of hearing date	90%	91%	90%	97%
11. Percentage of settlements resolved within 10 days of notice	91%	95%	96%	92%



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