

Regular Session, 2014

HOUSE BILL NO. 853

BY REPRESENTATIVE HARRIS

BUDGETARY PROCEDURES: Provides for information included in the executive budget and the General Appropriation Bill

1 AN ACT

2 To amend and reenact R.S. 39:2(23), (24), (46), and (47), 36(A), 51(C), 87.2(B) and (C)(1),  
3 and 87.3(A), (2)(a), (3), and (4)(a) and (B), relative to the operating budget; to  
4 provide for definitions; to provide for information included in the executive budget;  
5 to provide for information included in the General Appropriation Bill; to provide for  
6 information included in the Ancillary Appropriation Act; to provide for changes to  
7 expenditure category allocations included in the General Appropriation Bill; to  
8 provide for approval of certain changes to expenditure category allocations included  
9 in the General Appropriation Bill; to provide for an effective date; and to provide for  
10 related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 39:2(23), (24), (46), and (47), 36(A), 51(C), 87.2(B) and (C)(1), and  
13 87.3(A), (2)(a), (3), and (4)(a) and (B) are hereby amended and reenacted to read as follows:

14 §2. Definitions

15 \* \* \*

16 (23) "Key objective" means an objective which is designated as such by the  
17 commissioner of administration and is included in the ~~General Appropriation Act or~~  
18 the Ancillary Appropriation Act executive budget or the executive budget supporting  
19 document.

20 (24) "Key performance indicator" means a performance indicator which is  
21 designated as such by the commissioner of administration and is included in the

1 ~~General Appropriation Act or the Ancillary Appropriation Act~~ executive budget or  
2 the executive budget supporting document.

3 \* \* \*

4 (46) "Supporting objective" means an objective which is designated as such  
5 by the commissioner of administration and is included in the executive budget  
6 supporting document and not included in the ~~General Appropriation Act or Ancillary~~  
7 ~~Appropriation Act~~ executive budget.

8 (47) "Supporting performance indicator" means a performance indicator  
9 which is designated as such by the commissioner of administration and is included  
10 in the executive budget supporting document and not included in the ~~General~~  
11 ~~Appropriation Act or Ancillary Appropriation Act~~ executive budget.

12 \* \* \*

13 §36. Contents and format of executive budget; supporting document

14 A. The executive budget shall present a complete financial and  
15 programmatic plan for the ensuing year, and it shall be configured in a format so as  
16 to clearly present and highlight the functions and operations of state government and  
17 the financial requirements associated with those functions and operations. The  
18 executive budget shall be a performance-based budget and as such may include key  
19 objectives and key performance indicators. The commissioner of administration may  
20 designate key objectives and key performance indicators to be included in the  
21 executive budget. It ~~Additionally, the executive budget~~ shall include at a minimum  
22 the following:

23 \* \* \*

24 §51. General Appropriation Bill; other appropriation bills

25 \* \* \*

26 C.(1) The General Appropriation Bill shall reflect ~~a performance-based~~  
27 ~~budget, with~~ specific appropriations for each agency and its programs ~~to include key~~  
28 ~~objectives and key performance indicators therefor. The General Appropriation Bill~~  
29 ~~may also contain provisions for specific rewards or penalties for certain agencies as~~

1 ~~provided in R.S. 39:87.4~~ and shall include expenditure categories, itemized by  
2 category for each agency, as recommended for the ensuing fiscal year in the  
3 supporting document.

4 (2) The commissioner of administration is authorized to make adjustments  
5 to the initial allocation of expenditures by category as provided for in the enacted  
6 General Appropriation Bill without approval of the Joint Legislative Committee on  
7 the Budget, except when funds are transferred to the personnel services category  
8 from any other expenditure category or when the personnel services category is  
9 increased from the initial allocation. No amount shall be transferred to the personnel  
10 services expenditure category from any other expenditure category nor shall there  
11 be an increase in the personnel services expenditure category from the initial  
12 allocation without prior approval of the commissioner of administration and the Joint  
13 Legislative Committee on the Budget.

14 \* \* \*

15 §87.2. Performance data; rewards and penalties; modifications to data

16 \* \* \*

17 B. Key objectives, key performance indicators, and the performance  
18 standards for such key performance indicators ~~which are~~ may be contained in the  
19 ~~General Appropriation Act, Ancillary Appropriation Act, or any other appropriation~~  
20 ~~act through which an executive branch agency receives an appropriation, shall be~~  
21 ~~included in the agency's appropriation~~ executive budget. However, in each fiscal  
22 year any key objectives and key performance indicators recommended and contained  
23 in the executive budget supporting document for an agency which are not contained  
24 in an ~~appropriation act~~ the executive budget, and which are not designated as key  
25 performance objectives and key performance indicators by the commissioner of  
26 administration, shall be designated as supporting objectives and supporting  
27 performance indicators for that fiscal year. The availability of funds appropriated  
28 shall be conditioned upon each agency's compliance with the provisions of R.S.  
29 39:87.3, relative to reporting of performance.

1 C.(1) In order to ensure adoption of the most accurate expectations of agency  
2 performance within the state budget, performance data contained in the ~~adopted~~  
3 ~~budget~~ executive budget or the supporting document may be adjusted at the  
4 beginning of the fiscal year.

5 \* \* \*

6 §87.3. Performance progress reports

7 A. Each agency receiving an appropriation in the General Appropriation Act  
8 or the Ancillary Appropriation Act shall produce a series of performance progress  
9 reports. The reports shall provide the legislature with information on the agency's  
10 actual progress toward achievement of that year's performance standards for  
11 performance indicators contained within ~~the General Appropriation Act, the~~  
12 ~~Ancillary Appropriation Act, and~~ the executive budget or the executive budget  
13 supporting document. The Joint Legislative Committee on the Budget or a  
14 subcommittee thereof, hereinafter referred to in this Section as the "committee", shall  
15 prescribe the format and the method of transmission of the reports. The reports shall  
16 be submitted to the committee, the legislative fiscal officer, the legislative auditor,  
17 and the commissioner of administration, and shall contain data as provided in  
18 Paragraphs (1) through (4) of this Subsection, as well as any other data required by  
19 the committee relative to agency performance and accountability. The reporting  
20 schedule and specific components of each report are as follows:

21 \* \* \*

22 (2)

23 \* \* \*

24 (a) For each performance indicator included in the executive budget or  
25 executive budget supporting document ~~or the General Appropriation Act or the~~  
26 ~~Ancillary Appropriation Act~~, a comparison of the actual performance with the annual  
27 performance standard therefor contained in the executive budget supporting  
28 document ~~or the General Appropriation Act or the Ancillary Appropriation Act~~,

1 including a brief explanation of any variance from the standard which exceeds five  
2 percent.

3 \* \* \*

4 (3) The Third Quarter Performance Progress Report shall be submitted to the  
5 committee, the legislative fiscal officer, the legislative auditor, and the commissioner  
6 of administration on or before May eighth of each year, and it shall contain data for  
7 the period of July through March of the current fiscal year. It shall include, for each  
8 key performance indicator designated as such and contained in the ~~General~~  
9 ~~Appropriation Act or the Ancillary Appropriation Act~~ executive budget or the  
10 executive budget supporting document, a comparison of the actual performance with  
11 the annual performance standard therefor, including a brief explanation of any  
12 variance from the standard which exceeds five percent.

13 (4)

14 \* \* \*

15 (a) For each performance indicator included in the executive budget or  
16 executive budget supporting document ~~or the General Appropriation Act or the~~  
17 ~~Ancillary Appropriation Act~~, a comparison of the actual performance with the annual  
18 performance standard therefor contained in the executive budget supporting  
19 document ~~or the General Appropriation Act or the Ancillary Appropriation Act~~,  
20 including a brief explanation of any variance from the standard which exceeds five  
21 percent.

22 \* \* \*

23 B. The performance progress reports shall be used by the committee in the  
24 assessment of each agency's progress in achieving the performance standards  
25 contained in ~~the General Appropriation Act or the Ancillary Appropriation Act and~~  
26 the executive budget or executive budget supporting document. Each agency's  
27 performance progress reports, particularly the Year-end Performance Progress  
28 Report, shall be reviewed and considered by the committee in the development of

1 any recommendation for or the granting of any reward or imposition of any penalty  
2 authorized under R.S. 39:87.4.

3 \* \* \*

4 Section 2. This Act shall become effective on July 1, 2014; if vetoed by the governor  
5 and subsequently approved by the legislature, this Act shall become effective on July 1,  
6 2014, or on the day following such approval by the legislature, whichever is later.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Harris

HB No. 853

**Abstract:** Requires the General Appropriation Bill to include expenditure categories, itemized by category, for each agency and provides for changes from the initial allocation of expenditures in each category. Further deletes the requirement that the General Appropriation Bill or the Ancillary Appropriation Act include key objectives and key performance indicators and requires them to be included in the executive budget or the executive budget supporting document.

Present law provides for definitions of key and supporting performance information. Key objectives and performance indicators are those contained in the General Appropriations Act or Ancillary Appropriation Act and all other performance information contained in the executive budget supporting document, but not in the appropriation acts as defined as supporting objectives and performance indicators.

Proposed law changes the definition of key objective and performance indicator from those that are found in the General Appropriations Act or Ancillary Appropriation Act to those designated as such by the commissioner of administration and found in the executive budget or the executive budget supporting document. Proposed law further changes the definition of supporting objective and performance indicator from those included in the executive budget supporting document but not in the appropriation acts to those designated as such by the commissioner of administration and included in the executive budget supporting document but not in the executive budget.

Present law provides for the executive budget as a complete financial and programmatic plan for the ensuing year and requires the executive budget to be a performance-based budget. Present law further requires certain minimum content to be included in the executive budget.

Proposed law retains present law and further allows for the executive budget to include key objectives and key performance indicators and for the commissioner of administration to designate the key performance information to be included in the executive budget.

Present law relative to the General Appropriation Bill, requires that the bill reflect a performance-based budget, with specific appropriations for each agency and its programs to include key objectives and key performance indicators. Present law further allows for the General Appropriation Bill to contain provisions for specific rewards or penalties for certain agencies as provided in the Louisiana Government Performance and Accountability Act.

Proposed law deletes the requirement that the General Appropriation Bill include key objectives and key performance indicators. Proposed law further deletes the provisions for specific rewards or penalties for certain agencies as provided in the Louisiana Government Performance and Accountability Act.

Proposed law requires the General Appropriation Bill to include expenditure categories, itemized by category for each agency, as recommended for the ensuing fiscal year in the supporting document.

Proposed law allows the commissioner of administration to make adjustments to the initial allocation of expenditures by category as provided for in the enacted General Appropriation Bill without approval of the Joint Legislative Committee on the Budget, except when funds are transferred to the personnel services category from any other expenditure category or when the personnel services category is increased from the initial allocation. Proposed law further provides that no amount shall be transferred to the personnel services expenditure category from any other expenditure category nor shall there be an increase in the personnel services expenditure category from the initial allocation without prior approval of the commissioner of administration and the Joint Legislative Committee on the Budget.

Present law requires that key objectives, key performance indicators, and the performance standards for such key performance indicators which are contained in the General Appropriation Act, Ancillary Appropriation Act, or any other appropriation act, be included in the agency's appropriation. Present law further requires any key objectives and key performance indicators recommended in the executive budget that are not contained in an appropriation act to be designated as supporting objectives and supporting performance indicators for that fiscal year.

Proposed law changes the documents to which the key objectives and performance indicators may be contained from the appropriation acts to the executive budget. Proposed law further provides that performance objectives recommended and contained in the executive budget supporting document for an agency which are not contained in the executive budget be designated as supporting objectives and supporting performance indicators by the commissioner of administration.

Present law provides for performance progress reports on agencies receiving appropriations in the General Appropriation Act or the Ancillary Appropriation Act. The reports are required to provide the legislature with information on the performance indicators contained in the General Appropriation Act, the Ancillary Appropriation Act and the executive budget supporting document.

Proposed law deletes the General Appropriation Act and the Ancillary Appropriation Act from the list of instruments to which the performance indicators are included in order to be reported on.

Effective July 1, 2014.

(Amends R.S. 39:2(23), (24), (46), and (47), 36(A), 51(C), 87.2(B) and (C)(1), and 87.3(A), (2)(a), (3), and (4)(a) and (B))

#### Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the original bill.

1. Allowed for an option to include the key performance information in the executive budget or the executive budget supporting document.