

1 HB199
2 173502-1
3 By Representative Poole
4 RFD: Ways and Means Education
5 First Read: 11-FEB-16

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8 SYNOPSIS: In order to further provide for efficient
9 and effective budgeting of the revenues of the
10 state, this bill amends the Budget Management Act
11 of 1976 so as to provide for biennial budget
12 periods, annual fiscal accounting, and performance
13 review. Provision is made for the State General
14 Fund and the Education Trust Fund biennial budgets
15 to be considered on alternate years, enrolling
16 sufficient financial detail into each budget so as
17 to adequately define each source of revenue and
18 totals for each budgeted program, cost center, and
19 line item in each budget and the entire
20 appropriation bill by each source of revenue, and
21 to further provide for performance review of the
22 state agencies, departments, boards, bureaus, the
23 Legislature, and institutions of the state. This
24 bill becoming law is contingent upon the
25 constitutional amendment proposed by HB ____
26 providing for biennial budgeting sessions of the

1 legislature and approval in a statewide referendum
2 as is provided for in law governing such election.

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4 A BILL
5 TO BE ENTITLED
6 AN ACT

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8 To amend The Budget Management Act of 1976, so as to
9 provide for biennial budgeting by the State of Alabama and to
10 further provide for performance review of entities funded by
11 the State of Alabama.

12 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

13 Section 1. Sections 41-19-1, 41-19-3 through
14 41-19-8, and 41-19-10 through 41-19-12, Code of Alabama 1975,
15 are hereby amended to read as follows:

16 "§41-19-1.

17 "This chapter may be cited as The Budget Management
18 and Performance Review Act of 2016.

19 "§41-19-3.

20 "It is the purpose of this chapter to establish a
21 comprehensive system for budgeting, ~~and~~ financial management, ~~and~~
22 and performance review which furthers the capacity of the
23 Governor and the Legislature to plan and finance the services
24 which they determine the state will provide for citizens. The
25 system shall include procedures for all of the following:

1 "(1) The orderly establishment, continuing review,
2 and periodic revision of the program and financial goals and
3 policies of the state.

4 "(2) The development, coordination, and review of
5 ~~long-range~~ program and financial plans that will implement
6 established state goals and policies.

7 "(3) The preparation, coordination, analysis, and
8 enactment of ~~a budget~~ budgets, organized to focus on state
9 services and their costs, and that ~~authorizes~~ authorize the
10 implementation of policies and plans in the succeeding budget
11 period.

12 "(4) The evaluation of alternatives to existing
13 policies, plans, and procedures that offer potential for more
14 efficient or effective state services.

15 "(5) The regular appraisal and reporting of program
16 performance.

17 "To this end, each Governor shall develop a
18 ~~four-year~~ strategic plan and executive budget for presentation
19 to the Legislature ~~prior to the first day of the second~~
20 ~~regular~~ seven days in advance of each fiscal legislative
21 session in a format to be determined by the Governor ~~each term~~
22 ~~of office~~. The plan shall encompass the basic appropriations
23 for fiscal years included in the budget period to be addressed
24 in the fiscal session and shall include program, long-range
25 revenue and expenditure plans ~~for the quadrennium~~,
26 improvements in the state infrastructure requiring capital

1 outlay, and recommended steps to reduce the cost of operation
2 of state government.

3 "§41-19-3.1.

4 "The Legislative Council shall serve in an advisory
5 capacity to the Governor in the development of the ~~long-range~~
6 program, revenue and expenditure plans, and in the performance
7 review of agencies, departments, boards, bureaus, the
8 Legislature, and institutions of the state. The Legislative
9 Council shall be aided by the Legislative Fiscal Office.

10 "§41-19-4.

11 ~~"The Beginning in the calendar year 2017, the~~
12 Governor shall present, on or before the seventh day in
13 advance of each fiscal session of the Legislature, is
14 ~~responsible for the preparation and administration of the~~
15 ~~state~~ an executive budget for the two years of basic
16 appropriations to be addressed in that fiscal session. The
17 executive budget shall be based on ~~and the evaluation of the~~
18 ~~long-range~~ agency/department program plans plan, and requested
19 budgets, and the examination of alternatives. ~~to state~~
20 ~~agency/department policies and programs and formulation and~~
21 ~~recommendation for consideration by the Legislature of a~~
22 ~~proposed comprehensive program and financial plan which~~ The
23 executive budget shall cover all estimated receipts and
24 expenditures of the state government, including all grants,
25 loans and moneys received from the federal government.
26 Proposed expenditures shall not exceed estimated revenues and
27 resources.

1 For transition purposes, the Governor shall present
2 a one-year executive budget for the ordinary expenses of the
3 executive, legislative, and judicial departments, and
4 associated debt service, of the state on or before the first
5 legislative day of the regular session of 2017 for fiscal year
6 2018.

7 "§41-19-5.

8 "The Department of Finance shall:

9 "(1) Assist the Governor in the preparation and
10 explanation of the proposed comprehensive program and
11 financial plan, including the coordination and analysis of
12 state agency/department program goals and objectives, program
13 plans and program budget requests;

14 "(2) Develop procedures to produce the information
15 needed for effective decision making;

16 "(3) Assist agencies/departments in preparing their
17 statement of goals and objectives, program plans, program
18 budget requests and reporting of program performance and
19 review;

20 "(4) Administer its responsibilities under the
21 program execution provisions of this chapter so that the
22 policy decisions and budget determination of the Governor and
23 the Legislature are implemented to the fullest extent possible
24 within the concepts of proper management;

25 "(5) Provide the Legislature with budget information
26 related to the development of recommendations for each fiscal
27 year of each biennial period; and

1 "(6) Assist agencies/departments in the preparation
2 of their proposals under Section 41-19-6. This assistance
3 shall include organization of materials, provision of
4 centrally collected accounting, budgeting and personnel
5 information, standards and guidelines formulation, provision
6 of population and other required data, and any other
7 assistance that will help the state agencies/departments
8 produce the information necessary for efficient
9 agency/department management and effective decision making by
10 the Governor and the Legislature for each fiscal year of the
11 biennial budget period.

12 "§41-19-6.

13 "(a) Each state agency/department, on the date and
14 in the form and content prescribed by the Department of
15 Finance, shall prepare and forward to the Budget Officer the
16 following program and financial information:

17 "(1) The goals and objectives of the
18 agency/department programs, together with proposed
19 supplements, deletions and revisions to such programs for each
20 fiscal year of the biennial budget period;

21 "(2) Its proposed plans to implement the goals and
22 objectives, including estimates of future service needs,
23 planned methods of administration, proposed modification of
24 existing program services and establishment of new program
25 services, and the estimated resources needed to carry out the
26 proposed plan;

1 "(3) The budget ~~requested~~ request for each fiscal
2 year of the biennial budget period to carry out its proposed
3 plans ~~in the succeeding fiscal year~~. The budget request
4 information shall include the expenditures during the last
5 fiscal year, those estimated for the current fiscal year,
6 those proposed for each of the two succeeding fiscal ~~year~~
7 years of the budget period, and any other information
8 requested by the Department of Finance;

9 "(4) A report of the revenues during the last fiscal
10 year, an estimate of the revenues during the current fiscal
11 year and an estimate for ~~the~~ each succeeding fiscal year of
12 the biennial budget period;

13 "(5) A statement of legislation required to
14 implement the proposed programs and financial plans; and

15 "(6) An evaluation of the advantages and
16 disadvantages of specific alternatives to existing or proposed
17 program policies or administrative methods.

18 "(b) The state agency/department proposals prepared
19 under subsection (a) of this section shall describe the
20 relationships of their programs services to those of other
21 state agencies/departments and other branches of state
22 government.

23 "(c) If any state agency/department fails to
24 transmit the program and financial information required under
25 subsection (a) of this section on the specified date, the
26 Department of Finance may prepare such information.

1 "(d) The Department of Finance shall compile and
2 submit to the Governor or the Governor-elect for any year when
3 a new Governor has been elected, not later than November 20, a
4 summary of the program and financial information prepared by
5 state agencies/departments.

6 "§41-19-7.

7 "(a) The Governor shall formulate the program and
8 financial plan to be recommended to the Legislature after
9 considering each state agency's proposed program and financial
10 plan. The Governor's plan shall include his recommended goals
11 and policies, recommended plans to implement the goals and
12 policies, recommended budget for the two succeeding fiscal
13 year years of the biennial budget period and recommended
14 revenue measures to balance the budget.

15 "Beginning in the calendar year 2017, the Governor's
16 plan shall focus on the basic appropriations and fiscal years
17 included in the biennial budget period to be addressed in the
18 fiscal session.

19 "(b) The proposed comprehensive program and
20 financial plan shall be presented by the Governor in a message
21 to a joint session of the Legislature on ~~or before~~ the ~~fifth~~
22 first legislative day of each regular fiscal session of the
23 Legislature. This presentation shall explain the budget plan
24 previously submitted to the Legislature seven days in advance
25 of the Legislative Fiscal Session. The message shall be
26 accompanied by an explanatory report which summarizes
27 recommended goals, plans and appropriations. The explanatory

1 report shall be furnished each member of the Legislature and
2 each state agency/department on ~~or before~~ the ~~fifth~~ seventh
3 day in advance of the first legislative day of the ~~regular~~
4 fiscal session of the Legislature. The report shall contain
5 the following information:

6 "(1) The coordinate program goals and objectives
7 that the Governor recommends to guide the decisions on the
8 proposed program plans and budget appropriations;

9 "(2) The program and budget recommendations of the
10 Governor for each fiscal year of the succeeding ~~fiscal year~~
11 biennial budget period;

12 "(3) A summary of state revenues in the last fiscal
13 year, a revised estimate for the current fiscal year and an
14 estimate for ~~the succeeding~~ each fiscal year of the succeeding
15 biennial budget period;

16 "(4) A summary of expenditures during the last
17 fiscal year, those estimated for the current fiscal year and
18 those recommended by the Governor for ~~the~~ each fiscal year of
19 the succeeding fiscal year biennial budget period; and

20 "(5) Any additional information which will
21 facilitate understanding of the Governor's proposed program
22 and financial plan by the Legislature and the public.

23 "§41-19-8.

24 "The Legislature shall:

25 "(1) Consider the program and financial plan
26 recommended by the Governor, including proposed goals and

1 policies, tax rate and other revenue changes and long range
2 program plans;

3 "(2) Adopt programs and alternatives to the plan
4 recommended by the Governor which it deems appropriate;

5 "(3) Adopt legislation to authorize the
6 implementation of a comprehensive program and financial plan;
7 and

8 "(4) Provide for performance review of
9 agency/departments in each fiscal year of the biennial budget
10 period and for a post audit of financial transactions, program
11 accomplishments and execution of legislative policy direction.

12 "§41-19-10.

13 "(a) Except as limited by policy decisions of the
14 Governor, appropriations by the Legislature and other
15 provisions of law, the several state agencies/departments
16 shall have full authority for administering their program
17 assignments and appropriations and shall be responsible for
18 their proper management.

19 "(b) Each state agency/department shall prepare an
20 annual plan for the operation of each of its assigned programs
21 for each fiscal year of the biennial budget period. The
22 operations plan shall be prepared in the form and content and
23 be transmitted on the date prescribed to the Department of
24 Finance. The operations plan shall be separate for each fiscal
25 year of the biennium; provided, however, that unexpended funds
26 for the first fiscal year of a biennial budget period may be
27 carried forward and expended in the second fiscal year of the

1 biennial budget period. Funds unexpended at the end of the
2 biennial budget period shall revert to the respective fund.

3 "(c) The Department of Finance shall:

4 "(1) Review each operations plan to determine that
5 it is consistent with the policy decisions of the Governor and
6 appropriations by the Legislature, that it reflects proper
7 planning and efficient management methods and that
8 appropriations have been made for the planned purpose and will
9 not be exhausted before the end of each fiscal year of the
10 biennial budget period;

11 "(2) Approve the operations plan if satisfied that
12 it meets the requirements under subdivision (1) of this
13 subsection; otherwise, the Department of Finance shall require
14 revision of the operations plan in whole or in part; and

15 "(3) Modify or withhold the planned expenditures at
16 any time during the appropriation period if the Department of
17 Finance finds that such expenditures are greater than those
18 necessary to execute the programs at the level authorized by
19 the Governor and the Legislature or that the revenues and
20 resources will be insufficient to meet the authorized
21 expenditure levels.

22 "(d) No state agency/department may increase
23 salaries of its employees, employ additional employees or
24 expend money or incur any obligations except in accordance
25 with law and with a properly approved operations plan by the
26 Director of Finance.

1 "(e) Appropriation transfers or changes as between
2 objects of expenditures within a program may be made only by
3 the Director of Finance. Appropriation transfers or changes
4 between programs within an agency/department may be made only
5 by the Governor and shall be reported to the Legislature
6 quarterly. No transfers shall be made between
7 agencies/departments except pursuant to interagency agreements
8 executed for purposes of accomplishing objectives for which
9 the funds involved were appropriated.

10 "(f) The Department of Finance shall report
11 quarterly to the Governor and the Legislature on the
12 operations of each state agency/department, relating actual
13 accomplishments to those planned and modifying, if necessary,
14 the operations plan of any agency/department for the balance
15 of ~~the~~ each fiscal year of the biennial budget period.

16 "§41-19-11.

17 "(a) Each state agency/department, shall submit a
18 performance report to the Department of Finance on or before
19 November 1 for the preceding fiscal year. These reports shall
20 be in the form prescribed by the Budget Officer and shall
21 include statements concerning:

22 "(1) The work accomplished and the services provided
23 in the preceding fiscal year or other meaningful work period,
24 relating actual accomplishments to those planned under
25 subsection (b) of Section 41-19-10;

1 "(2) The relationship of accomplishments and
2 services to the policy decisions and budget determinations of
3 the Governor and the Legislature;

4 "(3) The costs of accomplishing the work and
5 providing the services, to the extent feasible, citing
6 meaningful measures of program effectiveness and costs; and

7 "(4) The administrative improvements made in the
8 preceding year, potential improvements in future years and
9 suggested changes in legislation or administrative procedures
10 to make further improvements.

11 "(b) The Finance Department shall summarize the
12 performance reports and forward ~~copies~~ these reports to each
13 member of the Legislature annually in a form to be determined
14 by the Finance Department.

15 "(c) In order to accomplish the provisions of this
16 Act, there is hereby created within the Office of the State
17 Finance Director the Division of Planning. The Director of
18 this Division shall be appointed by the Finance Director and
19 shall not be under the state merit system. Additional
20 employees of this Division may be subject to the state merit
21 system.

22 "(d) In order to assure effective administration of
23 the planning and performance management provisions of this
24 Act, The Budget and Planning Divisions of the Finance
25 Department shall be funded by an assessment made against each
26 state agency, department, board, bureau, the Legislature, and
27 each institution of higher education of the state receiving a

1 state appropriation and required to participate in the
2 requirements of this Chapter.

3 "§41-19-12.

4 "(a) Any person in state government, including
5 elected or appointed officials, who prepares false budget or
6 fiscal information to be presented to any legislative
7 committee or who presents false budget or fiscal information
8 to any legislative committee, knowing such budget or fiscal
9 information to be false, shall be guilty of a misdemeanor and,
10 on conviction, shall be imprisoned in the county jail for not
11 more than one year and may also be fined not more than
12 ~~\$1,000.00~~ \$10,000.00.

13 "(b) In the event of a second conviction under this
14 section, such person shall be forever ineligible to hold any
15 position with the State of Alabama."

16 Section 2. Section 41-19-3.2, Code of Alabama 1975,
17 is hereby added to read as follows:

18 "§41-19-3.2

19 "Beginning in the calendar year 2017, regular
20 session of the Legislature shall begin on the last Tuesday of
21 January in each calendar year from which bills making
22 appropriations shall be excluded. On the fourth Tuesday of
23 April of each calendar year, a fiscal session of the
24 Legislature shall be held annually following the regular
25 session. The fiscal session shall be limited to 12 legislative
26 days and 30 calendar days. While in fiscal session, the
27 Legislature shall consider only bills making basic

1 appropriations for the two succeeding fiscal years or amending
2 such bills as the legislature shall determine. The basic
3 appropriations in these bills shall be itemized and totaled
4 for each fiscal year of the biennial budget period.

5 "The term "basic appropriations" means such
6 appropriations as the Legislature may deem appropriate for the
7 ordinary expenses of the executive, legislative, and judicial
8 departments of the state, for payment of the public debt, and
9 for education. The legislature shall divide appropriations
10 into two parts, passing basic appropriations for the ordinary
11 expenses of the executive, legislative, and judicial
12 departments of the state in one annual fiscal session, and
13 passing basic appropriations for education in the succeeding
14 annual fiscal session. Appropriations for interest on the
15 public debt divided between the two parts according to the
16 purposes served by the debt.

17 "Beginning in the calendar year 2017, the
18 Legislature in the fiscal session held in an even calendar
19 year shall pass bills making basic appropriations for the
20 ordinary expenses of the executive, legislative, and judicial
21 departments, and associated debt service, of the state in the
22 fiscal session for the biennial budgeting period beginning
23 with an odd-numbered fiscal year. This bill shall contain
24 basic appropriations for the two succeeding fiscal years.

25 "Beginning in the calendar year 2018, the
26 Legislature in the fiscal session held in an odd calendar year
27 shall pass bills making basic appropriations for education,

1 and associated debt service, in the fiscal session the
2 biennial budgeting period beginning with an even-numbered
3 fiscal year. These bills shall contain basic appropriations
4 for the two succeeding fiscal years.

5 "Basic appropriations for interest on the public
6 debt shall be divided between the two types of making basic
7 appropriations according to the purposes served by the debt.

8 "For transition purposes, the Legislature shall pass
9 a one-year bill making basic appropriations for ordinary
10 expenses of the executive, legislative, and judicial
11 departments, and associated debt service, during the regular
12 legislative session of calendar year 2017. This bill shall
13 provide basic appropriations for fiscal year 2018."

14 Section 3. Any provision of law in conflict with the
15 provisions of this Act are hereby repealed.

16 Section 4. If a court of competent jurisdiction
17 shall adjudge to be invalid or unconstitutional any clause,
18 sentence, paragraph, section or part of this Act, such
19 judgment or decree shall not affect, impair, invalidate or
20 nullify the remainder of this Act, but the effect thereof
21 shall be confined to the clause, sentence, paragraph, section,
22 part of this Act so adjudged to be invalid or
23 unconstitutional.

24 Section 5. This act shall become effective upon its
25 passage and approval by the Governor, or it's otherwise
26 becoming law, and contingent upon the constitutional amendment

1 contained in HB _____ becomes law and approval in a statewide
2 referendum as is provided for in law governing such election.