

GLOSSARY

A

ADJUSTED BASE -- The beginning point for development of the state budget for the upcoming fiscal year. The adjusted base consists of the current fiscal year Annual Operating Budget, less non-recurring expenditures, plus the amount to annualize pay for performance.

AGENCY FUNDS -- Funds collected by the various agencies of state government and retained to be spent on agency programs. These funds are estimated in the Governor's Budget Report and the Appropriations Act. The agencies can change the amount of these funds by amendments to the Annual Operating Budget based on actual collections during the year. Also known as Other Funds.

ALCOHOLIC BEVERAGE (DISTILLED SPIRITS) TAX -- A state excise tax of 50 cents per liter upon the first sale, use, or final delivery within the state and an import tax of 50 cents per liter of distilled spirits; an excise tax of 70 cents per liter upon the first sale, use, or final delivery within the state and an import tax of 50 cents per liter on all alcohol.

ALLOTMENT -- The authorization for a state agency to withdraw funds from the state treasury for expenditure. Before each fiscal year begins, agencies must file an annual operating budget plan based on an Appropriations Act. Allotments are requested quarterly based on the plan. Once a quarterly allotment is approved for an agency, that agency can draw funds as needed.

AMENDED BUDGET REPORT -- A document submitted by the Governor to the General Assembly in which the Governor recommends spending changes in the current fiscal year for the agencies of state government. The Amended Budget Report can involve budget additions, budget deletions or transfers of funds within agency object classes. Also known as the "supplemental budget" or the "little budget."

ANNUAL OPERATING BUDGET (AOB) -- A plan for annual expenditures based on the Appropriations Act, by agency and functional budget. The plan details a level of expenditure by object class for a given fiscal year and must be approved by OPB before taking effect.

ANNUAL OPERATING BUDGET AMENDMENT -- Revisions to the annual operating budget, which must be submitted to OPB for approval. Typically, these revisions are due to the receipt of funding that was not included during the appropriations process or transfer of funds from one activity/function to another.

APPROPRIATION -- An authorization by the General Assembly to a state agency to spend, from public funds, a sum of money not in excess of the sum specified for the purposes in the authorization.

APPROPRIATIONS ACT -- Legislation that has been passed by the General Assembly to authorize expenditure of state, federal and other funds during a given fiscal year. While under consideration, it is called an appropriations bill.

ATTACHED AGENCIES -- Smaller agencies are sometimes attached to a larger state agency for "administrative purposes only" to reduce administrative costs by consolidation. These small agencies operate autonomously but receive funding through the larger agency. Authorities by law cannot directly

receive state funds and are attached to budgeted state agencies for any state appropriations that might occur.

ATTRITION -- A means of reducing state employment, especially during economic slowdowns, by eliminating positions as they become vacant rather than filling them with new employees.

AUTHORITY -- A public corporation formed to undertake a state responsibility that operates in a competitive financial and business environment and should be run like a business corporation. Most authorities generate revenue and need to operate without the strict regiment of rules that confine most departments of government. Authorities usually have the power to issue revenue bonds to construct facilities.

B

BUDGET -- A complete financial plan for a specific fiscal year as proposed in the Governor's Budget Report and as modified and adopted by appropriations and revenue acts.

BUDGET ACCOUNTABILITY AND PLANNING ACT -- An Act passed by the 1993 General Assembly that fundamentally changed Georgia's budget process. The Act made accountability and efficiency the driving forces behind budget decisions, as well as the attainment of agreed-upon goals that have been outlined in comprehensive strategic plans for the state and each of its agencies. The requirement for outcome based budgeting is provided through the performance and results measures in Prioritized Program Budgeting. The measure mandated an ongoing review of agency continuation budgets and a more detailed review of expenditures at the individual program level. Procedures and requirements for grant awards by state agencies also were established.

BUDGET CLASS -- See Object Class.

BUDGET CYCLE -- A period of time in which a specific budget is in effect, usually 12 months. See fiscal year for dates applying to state and federal budgets.

BUDGET ESTIMATE -- A statement which accompanies explanations, as required by state law, in which a budget unit states its financial requirements and requests for appropriations. Also known as an agency's budget request, which must be submitted to OPB by September 1 of each year.

BUDGET MESSAGE -- A speech by the Governor to the General Assembly in which the Governor outlines his spending proposals and revenue projections, including recommendations for increasing or decreasing revenues, that are embodied in an accompanying budget document. The formal budget message, dealing primarily with the following year's budget, is made to a joint session during the first week that the Legislature convenes. A speech detailing the Governor's Amended Budget recommendations is made to a joint session of the House and Senate Appropriations Committees during the week before the session.

BUDGET REPORT -- A document that displays all programs, efforts and expenditures that are recommended by the Governor for each agency during a specific fiscal year. The Budget Report includes the Governor's official estimate of state revenue to be collected during the fiscal year and details any surplus, reserve or other funds that are available for

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expenditure. The fund availability outlined by the Governor determines the size of the budget for any given year. The Budget Report for the upcoming fiscal year is also known as the "big budget," the "outyear budget" and the "Governor's budget." The Amended Budget Report, which recommends changes to the current fiscal year budget, is also known as the "little budget."

BUDGET UNIT -- A department, board, commission, office, institution or other unit of organization that has, under general law, an independent existence and thus is authorized to receive and expend an appropriation. A department or agency may have one or more budget units in the Appropriations Act.

C

CAPITAL OUTLAY -- Funds designated specifically to acquire, construct, renovate or repair public facilities and other assets. These funds may be appropriated in cash - from state general funds, lottery funds or other funds - or be provided through the sale of general obligation bonds or revenue bonds.

CONFERENCE COMMITTEE -- A group of six legislators—three Representatives and three Senators—who are appointed by the presiding officers of the respective houses to reconcile different versions of the appropriations bill and other legislation that have been passed by the House and Senate.

CORPORATE INCOME TAX -- The tax is a non-graduated percentage tax based on a corporation's federal taxable net income. The tax rate is 6% of a corporation's taxable net income attributed to business done in Georgia.

D

DEDICATED FUNDS -- Funds collected from a specific revenue source that must be appropriated for a specific expenditure. An example in Georgia is motor fuel tax funds, which must be constitutionally appropriated for programs related to providing and maintaining an adequate system of public roads and bridges.

DEBT LIMITATION -- The State Constitution places a ceiling on state indebtedness by limiting general obligation bond debt service payments to 10% of net treasury receipts for the prior fiscal year.

E

EMERGENCY FUND -- An appropriation to the Office of the Governor that is set aside for the Governor to provide grants to state agencies to meet emergency needs. Grants from the fund cannot involve a recurring obligation.

ENHANCEMENT FUNDS -- Funding for required services that are above adjusted base level.

ENTITLEMENT PROGRAMS -- Certain programs, usually federal in origin, that provide benefits to individuals based on specific eligibility requirements. Medicaid is the largest entitlement program operated by the state.

ESTATE (INHERITANCE) TAX -- Based on the value of the estate of residents as required to be reported for federal tax purposes. The tax is the amount equal to the amount allowable as a credit for state tax credits under the Internal Revenue Code.

F

FEDERAL FUNDS -- Funding from the federal government to pay for all or portions of specific programs. Often, federal funds require a state fund "match" in order to receive the federal allocation.

FISCAL AFFAIRS SUBCOMMITTEE -- Twenty members of the House of Representatives and the Senate comprise the Fiscal Affairs Subcommittee, which is authorized to meet when the General Assembly is not in session to consider fiscal affairs transfers as described below at the request of the Governor. The membership includes the House Speaker and four other State Representatives appointed by the Speaker, the Lieutenant Governor and four Senators appointed by the Lieutenant Governor, and five members of each house appointed by the Governor.

FISCAL AFFAIRS TRANSFERS -- Appropriations are made through allocations to specific object classes, and funds must be spent within those object classes. Language in each Appropriations Act states that "...no funds whatsoever, shall be transferred between object classes without the prior approval of at least 11 members of the Fiscal Affairs Subcommittee in a meeting called to consider said transfers. This...shall apply to all funds of each budget unit whatever source derived." Fiscal affairs transfers can be considered at any time at the Governor's request but are usually considered near the end of the fiscal year to help agencies to meet emergency needs and to address unanticipated budget problems.

FISCAL YEAR -- Any 12-month period at the end in which financial accounts are balanced. The state fiscal year begins July 1 and ends June 30. The federal fiscal year begins October 1 and ends September 30.

FRINGE BENEFITS -- Benefits that are provided to state employees over and above their salaries, as an inducement to employment. These benefits include retirement, health insurance and employer Social Security contributions. Fringe benefits are about 32% of an employee's salary.

FUNDS [i.e., state, total, other] -- As used for the general purposes of the budget summaries and schedules in this document, unless otherwise noted, refers to state revenues available or received. The state's specific governmental accounting fund classifications are documented in the state Comprehensive Annual Financial Report prepared by the Department of Audits and Accounts.

G

GENERAL FUNDS -- State money that is used for general purposes of state government. General funds are derived from taxes, fees and other general revenues and are appropriated to finance the ordinary operations of governmental units. These funds are included in the Governor's Revenue Estimate and are a part of the State's Budget Fund for accounting purposes.

GENERAL OBLIGATION BONDS -- Bonds sold by the state to fund major capital outlay projects or for the management of state debt. The bonds are backed by "the full faith, credit and taxing power of the state."

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GUARANTEED REVENUE BONDS -- State-sold bonds that have the principal and interest payable from earnings of a public enterprise. The state is required by law to appropriate one year's debt payment and to retain the total at that level until the bonds have been retired. Guaranteed Revenue Bonds can only be issued for specific purposes as outlined in the State Constitution.

H

HOUSE BUDGET OFFICE -- An agency within the Legislative Branch that serves as budget advisor to the House of Representatives.

I

INDIGENT CARE TRUST FUNDS -- A program that involves the use of Medicaid funds to compensate disproportionate share hospitals for indigent care and to support expanding primary care programs. Participating hospitals make payments into the Trust Fund, and these payments are used to match with Medicaid funds. Most of the funds are then returned to the hospitals, with a small amount used for state-level programs. An amendment to the State Constitution authorized the newly revamped program and restricts the use of these funds. These funds are included in the Governor's Revenue Estimate and are a part of the State's Budget Fund for accounting purposes.

INDIRECT FUNDING -- The Appropriations Act each year allocates direct funding to the Department of Administrative Services (DOAS) for computer and telecommunications services to be provided to seven state agencies. These funds are allocated in this manner to facilitate cash flow for DOAS but are available to DOAS only as services are provided to each agency.

INDIVIDUAL INCOME TAX -- The tax is based upon an individual's federal adjusted gross income with specific adjustments as provided by state law. The tax is computed at a graduated rate and assessed in a range of 1% to 6% dependent on income levels and filing status.

INSURANCE PREMIUM TAX -- Tax based on premiums on persons, property, or risks in Georgia written by insurance companies conducting business in the state. The tax rate is 2.25% of gross direct premiums, with reductions for companies with certain percentages of their assets in Georgia.

INTER-AGENCY TRANSFERS -- A transfer of funds between state departments, either in an Appropriations Act or by the State Office of Planning and Budget pursuant to a legislative authorization.

L

LAPSE -- The automatic termination of an appropriation. Since most appropriations are made for a single fiscal year, any unexpended or unencumbered fund balances at the end of the fiscal year lapse into the state's general treasury, unless otherwise provided by law. There are two kinds of lapses. Non-allotted lapses occur when appropriations are never allotted to a state agency for expenditure and automatically revert to the state treasury on June 30 of each year. Audited lapses occur when budgeted funds are allotted to a state agency for expenditure but are not spent. These unspent funds are identified and lapsed by the State Auditor in the annual audit of each state agency.

LAPSE FACTOR -- A budgeting tool that withholds funds from appropriations, based on anticipated employee turnover and lower employee replacement costs.

LINE-ITEM APPROPRIATION -- An appropriation spelled out in language in the Appropriations Act that authorizes specific expenditures for a state agency. Line-items appropriations may be vetoed by the Governor.

LOTTERY FUNDS -- The net proceeds from the sale of lottery tickets dedicated to funding educational purposes and programs. By law educational purposes include capital outlay projects for educational facilities; tuition grants, scholarships or loans to citizens of Georgia to attend post-secondary institutions in Georgia; training to teachers in the use of electronic instructional technology; costs associated with purchasing, repairing and maintaining advanced electronic instructional technology; a voluntary pre-kindergarten program; and an education shortfall reserve. These funds are included in the Governor's Revenue Estimate and are a part of the State's Budget Fund for accounting purposes.

LUMP SUM -- A single appropriation for a specific purpose that does not specify a breakdown by object class expenditure.

M

MALT BEVERAGE TAX -- Taxed at \$1.08 per standard case of 24 12-ounce containers.

MATCHING FUNDS -- A type of federal or state grant that requires the government or agency receiving the grant to commit funding for a certain percentage of costs to be eligible for it.

MIDTERM ADJUSTMENT -- Additional appropriations to the State Board of Education in an Amended or Supplementary Budget to fund State Quality Basic Education (QBE) requirements for increased enrollment. Initial QBE funding cannot fully and accurately anticipate future enrollment. Midterm adjustments in funding are based on full-time equivalent enrollment counts during the fall quarter.

MIDYEAR ADJUSTMENT RESERVE -- A reserve of funds that was set aside each year from prior fiscal year surplus funds to provide additional spending in an Amended or Supplementary Budget. The reserve totaled 1% of prior year's net revenue, to the extent that surplus funds were available. Eliminated in calendar 2005 as part of the creation of a new Revenue Shortfall Reserve, which is explained elsewhere.

MOTOR FUEL RESERVES -- If actual motor fuel tax collections exceed the estimate, these funds are set-aside in a reserve and are appropriated to the State Department of Transportation in a subsequent Appropriations Act.

MOTOR FUEL TAX FUNDS -- All motor fuel revenue collections are allocated for public highway and bridge construction or maintenance by provisions of the State Constitution. These funds are included in the Governor's Revenue Estimate and are a part of the State's Budget Fund for accounting purposes. The state excise tax is 7½ cents per gallon. There is an additional tax of 4% of the retail sales price (1% sales tax and 3% on motor fuel tax). This tax is based upon an indexed retail sales price that is converted to a cent per gallon rate and is collected at the time of sale by the licensed distributor.

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MOTOR VEHICLE LICENSE TAX -- Collected for the title registration and license tags of motor vehicles, trailers, and truck tractors. The cost of a regular license plate for a passenger car or light truck is \$20.

N

NON-APPROPRIATED FUNDS -- Monies received or spent that are not contemplated by an Appropriations Act. These funds must be amended into an agency's budget through a request to the Office of Planning and Budget.

O

OBJECT CLASS -- A grouping of similar expenditure items that form the basis of appropriations and records of expenditure. Establishment of budget object classes and changes are coordinated with the State Auditor's Chart of Accounts to ensure consistency in statewide financial reports. Common object classes are those that are shared by almost all agencies, including personal services, regular operating expenses, travel, motor vehicle purchases, postage, equipment, computer charges, real estate rentals and telecommunications. Unique object classes are those that apply to only one or a few agencies, such as public library materials and driver's license processing.

OFFICE OF PLANNING AND BUDGET (OPB) -- A part of the Office of the Governor with the responsibility of providing the Governor with assistance in the development and management of the state budget. OPB also is responsible for working with the State Auditor's Office in evaluating each program in state government at least once every 10 years. The Governor is the Director of the Budget.

ORIGINAL APPROPRIATION -- The first budget passed that sets appropriations for all of state government for the next full year after a legislative session. The budget is generally amended in midyear to more accurately reflect current needs of state agencies.

OTHER FUNDS -- Funds received by state agencies and institutions for services performed such as tuition fees paid by students to colleges, universities and technical colleges and fees collected by state parks. These funds are not turned into the state treasury but are retained by agencies and spent in accordance with an Appropriations Act or state law. Also known as agency funds.

P

PERFORMANCE MEASURES -- Quantitative or qualitative criteria by which to gauge a program's performance.

PERSONAL SERVICES -- The cost of state employees, including salary, fringe benefits and other expenses. This also includes temporary labor.

PRIVATIZATION -- A general term for the strategy that refers to the transfer of public sector activities to the private sector. Georgia's current privatization efforts are based on three considerations: government should not be in the business; and the private sector can perform more effectively, and more efficiently.

PROGRAM -- Systematic set of activities undertaken to accomplish an agency's core businesses.

PRIORITIZED PROGRAM BUDGET -- A performance/results and customer-focused method of budgeting wherein agency programs are identified and are funded based upon their importance in carrying out the agency's mission and core businesses. Programs are measured on their effectiveness and efficiency in achieving desired outcomes.

PROPERTY TAX -- Taxable value (assessed value) of real and personal property is 40% of fair market value, except for certain property as specified in state law. The state millage rate is 0.25 mills, or 25 cents per \$1,000 of assessed value. The state tax is collected locally with local property taxes and is remitted to the state.

R

RESULTS MEASURES -- Indicators by which to assess the impact of a program on its customers or community.

REVENUE ESTIMATE -- An estimate of revenues that will be collected by the state during a fiscal year. These revenues include taxes, fees and sales, and other general revenues that flow into the state treasury and are available for expenditure in a budget recommended by the Governor and approved by the General Assembly.

REVENUE SHORTFALL RESERVE -- An account established to make up shortages that might occur in revenue collections at the end of the fiscal year. Commonly known as the "rainy day" fund. The reserve cannot exceed 10% of the previous fiscal year's net revenue. For each existing fiscal year, the General Assembly may appropriate from this fund an amount up to 1% of the net revenue collections for the preceding fiscal year for funding increased K-12 needs. The Governor has the authority to release funds from the reserve in excess of 4% of the net revenue of the preceding fiscal year.

S

SALES TAX -- Common name for the state Sales and Use Tax levied upon retail sales, rentals, leases, use or consumption of tangible personal property, and certain services. The statewide sales tax rate is 4%. Various items are exempt from the state sales tax by state law.

SENATE BUDGET OFFICE -- An agency within the Legislative Branch that serves as budget advisor to the Senate.

STATE AID -- Grants and other funding provided by Georgia's state government to assist cities, counties, public schools and other allied groups in providing various services and programs to the citizens of Georgia.

STATE FUNDS -- Includes: (1) The taxes and fees collected by the state and deposited directly into the state treasury to be appropriated; (2) Reserves; (3) Surplus funds; (4) Lottery receipts; (5) Indigent Care Trust Funds; (6) Motor Fuel tax funds; and (7) Tobacco Settlement funds, all of which form the basis for the Governor's revenue estimate.

STATEMENT OF FINANCIAL CONDITION -- A statement which discloses the assets, liabilities, reserves and equities of the state and its governmental units at the end of each fiscal year.

STATE TREASURY -- A function of state government that receives, manages, invests and allocates all state revenues

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that are available for expenditure through the state's general fund budgetary process. The function is managed by the Office of Treasury and Fiscal Services within the Department of Administrative Services.

STRATEGIC PLANNING -- The process through which a preferred future direction and organizational mission are established and periodically updated in light of changing trends and issues. Goals, objectives and strategies are adopted and implemented to guide an organization toward that preferred future direction.

SUB-OBJECT CLASS -- The lowest level of detail used in recording expenditures. Supplies and materials is a sub-object class of regular operating expenses.

SUPPLEMENTARY APPROPRIATIONS -- Increased funding that is approved by the General Assembly in a separate, stand-alone Appropriations Act, usually passed early in the session to get new money into projects with a high time priority. A supplementary appropriations act, which is often called a "speedy bill," cannot reduce spending or transfer funds previously appropriated.

SURPLUS -- Unspent funds at the end of a fiscal year. Surplus funds come from two sources: excess revenue collections over the revenue estimate, and unspent appropriations that were lapsed back to the state treasury and are available for re-appropriation.

T

TOBACCO SETTLEMENT FUNDS -- Funds received as part of the 1998 national settlement with five major tobacco manufacturers to recover smoking related costs. The settlement provides for annual payments to Georgia based on a formula, with annual adjustments based on inflation and

future national sales of cigarettes. These funds are included in the Governor's Revenue Estimate and are part of the State's Budget Fund for accounting purposes.

TOBACCO TAX -- The state tax on cigars is 23% of the wholesale cost price; the tax on cigarettes is 37 cents per pack of 20 (\$3.70 per carton). The state tax on loose or smokeless tobacco is 10% of the wholesaler's cost.

U

UNIT -- A state agency or a division within an agency that is authorized to receive an appropriation. Functions or activities are a part of a unit.

USER TAXES AND FEES -- Charges associated with using a particular service provided by state government to its citizens. The charge generally recovers the cost of providing the service. Examples include state park receipts and driver's licenses.

V

VETO -- An action by the Governor that rejects appropriations passed by the General Assembly. The Governor is authorized to veto by line-item specific spending authorizations, or language within an appropriations bill, or the entire bill. Line-item vetoes are more customary.

W

WINE TAX -- An excise tax of 11 cents per liter on the first sale, use, or final delivery within the state and an import tax of 29 cents per liter for table wines; dessert wines (more than 14%, but not more than 21% alcohol by volume) have an excise tax of 27 cents per liter and an import tax of 40 cents per liter.