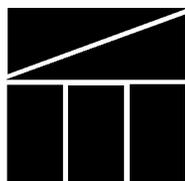


Instructions for 2005 Budget Submissions

*Amendments to the
2004-2006 biennial budget*



Virginia Department of Planning and Budget
September 2004

Instructions for 2005 Budget Submissions

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Forms and Form Instructions:

Narrative Justification (Form NJ)

See <http://dpb.virginia.gov/forms/forms.cfm>

Information Technology Submissions

See <http://dpb.virginia.gov/forms/forms.cfm>

Capital Budget Requests

See <http://dpb.virginia.gov/forms/forms.cfm> and <http://forms.dgs.virginia.gov>

Legislative Reporting Forms

See <http://dpb.virginia.gov/forms/forms.cfm>

Section 1: Overview

This section summarizes the overall requirements for budget submissions.

These instructions describe how to develop your agency's budget requests for the Governor's 2005 executive budget. The 2005 budget will contain the Governor's proposed amendments to the 2004-2006 biennial budget adopted by the 2004 General Assembly.

These instructions apply to all state agencies and institutions of higher education.

Terms used in these instructions

- **FY 2005** means the fiscal year beginning July 1, 2004, and ending June 30, 2005.
- **FY 2006** means the fiscal year beginning July 1, 2005, and ending June 30, 2006.
- **2004 Appropriation Act** refers to Chapter 4, 2004 Acts of Assembly Special Session.
- **Legislative Appropriation** refers to the dollar amounts and positions for FY 2005 and FY 2006 contained in the 2004 Appropriation Act.

Highlights of submissions for 2005

The process of developing the Governor's 2005 budget amendments will be similar in many ways to the last few years. Here are the highlights of the budget process for 2005:

- **Limited submissions.** The 2005 budget amends the 2004-2006 biennial budget adopted by the 2004 General Assembly. Amendments to the Commonwealth's budget at mid-biennium are traditionally limited to emergencies, legislative or court-ordered mandates, prior commitments, and critical needs. This year will be no exception. New initiatives or new spending items are generally proposed only in the long legislative session when a new biennial budget is considered.
- **Capital Outlay.** Section 4-4.01g of the 2004 Appropriation Act limits capital budget requests in odd-numbered years to projects that have been bid and need additional funding, and requests for projects that the Governor or General Assembly consider as emergency projects.
- **Detailed budget submissions are due to the Department of Planning and Budget no later than October 13, 2004.**
- **Number of submissions.** Your agency will be required to make only one submission to DPB for all proposed amendments, including technical adjustments. There is no separate submission for technical adjustments.

- **Information Technology (IT) submissions.** Agencies may submit an IT amendment package for a major IT project only if the proposed project was identified in the *Agency IT Strategic Plan for 2004-2006* and included in the September 1 report to the Governor and General Assembly entitled, *Recommended Technology Investment Projects (RTIP) for the 2004-2006 Budget Biennium, September 1, 2004 Submission*. An agency may submit an amendment package for any non-major IT project only if it was also identified as a project in the *Agency IT Strategic Plan for 2004-2006*.

Inclusion of an agency project in the September 1 RTIP report is not assurance that it will be funded. For those projects requiring funding, agencies must submit a budget request for the project to be considered for inclusion in the Governor’s 2005 Executive Budget.

If your agency proposes a technology-related amendment package, you must also make a submission to the Virginia Information Technologies Agency (VITA). Send an electronic copy of your narrative justification, Form NJ, to VITA.

- **Technical adjustment.** Remember to submit amendment packages for FY 2005 Form 27 Automated Transaction system (FATS) actions that could not be executed due to the changes the 2004 Session of the General Assembly made to the General Provisions. This would include transfers of dollars and positions between programs and agencies, transfers of appropriations between fund groups, transfers between capital projects, and increases in your position levels.
- **Nongeneral fund revenues.** It is important that the Appropriation Act reflect your latest nongeneral fund revenue estimates. Therefore, please review all of the FATS type “G” transactions that you processed last fiscal year and this year to date. If these are on-going funding sources, submit an amendment package for FY 2006 to show the projected funding you will receive next fiscal year. To avoid double counting, any FY 2005 additional revenue adjustments will be handled administratively with a FATS request.

Key dates calendar

<i>Date</i>	<i>Action</i>
October 1	Secretaries provide guidance on which requests need detailed submission
October 13	Budget submissions due from agencies
December 17	Governor submits proposed amendments to the 2004-2006 budget to the General Assembly
January 12	2005 General Assembly convenes

Summary of budget submission for operating requests

Amendments are budget submissions proposing any changes to your agency's 2004-2006 legislative appropriation, as contained in the 2004 Appropriation Act. Your agency's proposed amendments are **due to DPB by October 13, 2004**. The submission includes two major components:

- **Narrative justifications.** For each individual amendment package your agency submits, you must prepare a narrative justification on Form NJ. (This form can be downloaded from the DPB website, and must be submitted in electronic format.) *See Section 2 of these instructions for details about preparing the narrative justification.*
- **Data submission.** The data submission for operating amendments is an electronic submission through WebBEARS that allocates the resources for each proposed amendment package among the affected programs/subprograms and objects/subobjects for each year of the 2004-2006 biennium. *See Section 3 of these instructions for details on preparing the data submission.*

Summary of budget submission for capital requests

Section 4-4.01g of the Appropriation Act limits capital budget requests in odd-numbered years to projects that have been bid and need additional funding, and requests for projects that the Governor or General Assembly consider as emergency projects.

- **For projects that have been bid and need additional funding**, agencies should submit the DPB Forms C1, S1, and CNJ.
- **For requests for emergency projects**, agencies should submit the DPB Forms H-1, C1, S1, and CNJ. In addition, if the project has a significant energy or technology component, you will need to prepare DGS Forms E-1 and T-1, respectively.
- **If you are requesting any new capital outlay leases** or renewal of existing capital outlay leases, you will need to submit Form CNJ and Form H-1. A "capital outlay lease" includes:
 - Any lease agreement involving the acquisition or improvement of real property, as that term is defined in the Commonwealth Accounting Policy and Procedures (CAPP) Manual;
 - The purchase of equipment by means of a capital lease agreement if the equipment would meet the capital project definitions if it was purchased outright; or,

- Any acquisition or improvement of real property financed by a lease agreement in which the project cost is equal to or exceeds \$5.0 million.

? For purposes of the latter, “project cost” is equal to (1) the annual amount of the lease payments multiplied by the number of years of the lease, including the automatic renewal periods, up to a maximum of 20 years or (2) the expected total of all annual lease payments over the term of the lease if the lease amount varies from year to year.

- **Requests to authorize projects under the Public-Private Educational Facilities Infrastructure Act of 2002 (PPEA)** should be made using DPB Forms CNJ and H-1.

Below is a brief summary of the capital outlay forms. The forms and instructions can be found at <http://dpb.virginia.gov/forms/forms.cfm>.

- **DPB Form H-1, Summary, and financial information.** This form summarizes the size and scope of the project and provides estimates on the project’s cost.
- **DPB Form CNJ, Project request justification.** The project request justification presents the specific detailed information explaining the need for the project and describing why it is an emergency.
- **DPB Forms C-1, S-1, T-1, and E-1, Project definition worksheets.** These documents are used to identify design parameters and any special requirements associated with the project. Information from the worksheets will be used to establish a “design-to” construction budget, a “design-to” gross area, and a project design budget.

If your agency has no proposals

If your agency has no requests for budget amendments for the 2004-2006 biennium, no further submission is necessary. The legislative reporting forms, however, are still required.

Program & expenditure structure

You will need to refer to the Program Structure and Expenditure Structure in making your budget submissions. These documents, revised in July 2004, are now available on DPB’s web site and can be downloaded at (<http://dpb.virginia.gov/forms/forms.cfm>).

Information technology submissions

Section 2.2-2007 of the Code of Virginia requires that the state’s Chief Information Officer review budget requests from state agencies and institutions for information technology funding and recommend to the

Information Technology Investment Board budget request priorities. If any of your agency's proposed amendment packages relate to information technology (i.e., those in the 700-724 category series), you must submit an electronic copy of Form NJ to VITA as well as DPB by close of business on October 13, 2004. See <http://dpb.virginia.gov/forms/forms.cfm> for more detailed instructions and the email address.

Note: Inclusion of an agency project in the report to the Governor and General Assembly entitled, *Recommended Technology Investment Projects for the 2004-2006 Budget Biennium, September 1, 2004 Submission* is not assurance that it will be funded. For those projects requiring funding, agencies must submit a budget request for the project to be considered for inclusion in the Governor's 2005 budget bill.

Legislative reporting requirements

The General Assembly has enacted provisions requiring agencies to report certain information. The forms and instructions can be found on the DPB website (<http://dpb.virginia.gov/forms/forms.cfm>). Once completed, e-mail the form to your budget analyst.

- **Federal spending.** Section 2.2-603 (E) of the Code of Virginia requires that agencies report each year the percentage of their spending that is from federal funds. **(Form FS)**
- **Federal mandates.** Section 2.2-603 (E) of the Code, enacted by the 1997 General Assembly, requires agencies to list any federal regulations or mandates affecting the agency and to estimate the cost of compliance. **(Form FM)**
- **Federal grants.** Section 2.2-603 (E) of the Code, enacted by the 1997 General Assembly, requires agencies to compile information regarding any federal contracts, loans, or grants in excess of \$1.0 million for which they may be eligible. (Your DPB budget analyst may be contacting you for additional information about your federal grants.) **(Form FF)**
- **Organizational memberships.** Section 4-5.05 c2 of the 2004 Appropriation Act requires agencies to report on organizational memberships with annual dues of \$5,000 or more. **(Form OM)**

Section 2: Amendment package submission

This section provides details on submitting amendment packages for your proposed amendments to the for 2004-2006 budget

For requests to amend the operating budget, your agency's 2005 budget submission includes two major elements: (1) narrative justifications (one for each proposed amendment), and (2) a WebBEARS data submission. Your Secretary may require additional information as well. This section provides details on the first of these elements.

Amendment packages

An "amendment" is a proposal to modify your agency's 2004-2006 legislative appropriation or to modify language in the 2004 Appropriation Act. Each amendment package should cost out and justify *one* action or strategy proposed to address a critical issue. The action proposed in each amendment package should be a discrete unit that can be evaluated on its own merit, independently of any other proposals. (Under certain circumstances, several strategies or actions may be tightly interrelated and cannot be viewed independently. If so, they may be grouped together in one amendment package.)

- **Language-only amendments.** Language-only amendments which do not affect dollar amounts or positions, including changes to language in Part 3 (Miscellaneous) and Part 4 (General Provisions) of the Appropriation Act, must also meet the budget criteria above. If your agency proposes changes to the language only (does not affect dollar amounts of positions) in the 2004 Appropriation Act, submit the "Amendment Narrative Justification" (Form NJ) with intent of and reason for the amendment. At the end of the form, insert an electronic copy of the affected page(s) of the 2004 Appropriation Act. Show proposed additions in italics and requested deletions with strike throughs.
- **Capital requests.** Only certain capital requests can be considered in an odd-numbered year. Section 2004 4-4.01g of the Appropriation Act limits consideration of capital requests in odd-numbered years to:
 - Supplementing projects which have been bid and determined to have insufficient funding to be placed under contract, and
 - Projects declared by the Governor or the General Assembly to be of an emergency nature, which may avoid an increase in cost or otherwise result in a measurable benefit to the state, and/or which are required for the continued use of existing facilities.

If your agency has a capital request that meets these criteria, remember to also submit the applicable DPB capital forms.

- **Technical adjustments.** Technical adjustments are any changes to your agency’s budget that do not involve policy decisions. These technical adjustments are due with other budget submissions on October 13, 2004. Examples of other technical adjustments include proposals to shift funds or positions between programs or subprograms, or account for additional nongeneral fund revenue that does not involve a policy decision and that has already been approved or will be approved administratively for FY 2005 or FY 2006, such as a federal grant that will continue for five years.
 - *Note:* Routine cost or rate increases are not considered technical adjustments. Submit as an amendment any proposals to change your agency’s budget involving cost increases or decreases due to rate changes or to workload or caseload changes.

2005 amendment package categories

Each amendment must fit into one of the categories below. Use only *one* category for each amendment, the category that *most closely defines* the proposed amendment. If your agency has more than one amendment package within a category, assign the numbers for each one sequentially. Start with 100 (or 200, or 300, etc, according to the category) and continue sequentially with 101, 102, etc. within each category. If you have trouble deciding which category to use, consult with your DPB budget analyst.

<i>Number Series</i>	<i>Category Definition</i>
001-199	RESERVED FOR DPB USE
200-299	Technical adjustments. This category is for technical or housekeeping adjustments that do not have a budget impact or do not involve policy decisions, such as to shift funds or positions between programs or subprograms or to appropriate additional nongeneral fund revenue (such as a federal grant that is more than originally anticipated or will continue for an additional year). <i>If you have technical adjustments that you wish to submit, you must obtain approval from your DPB budget analyst before doing so.</i>
300-349	Emergencies. The request is essential to prevent or eliminate an immediate threat to life, safety, health, or property.
350-399	Mandates. The request is necessary to meet the requirements of a state or federal law or a court order. (Note: The definition of “mandate” is restrictive). Requirements of state or federal regulations are <u>not</u> considered mandates per se. If a regulation or legislation simply enables or authorizes an activity but does not require it, the activity is <u>not</u> considered a mandate. This category should be used <u>only</u> if there is absolutely no alternative but to fund the request. It is anticipated that very few, if any, requests will fall within this definition.

<i>Number Series</i>	<i>Category Definition</i>
400-499	Unanticipated and unavoidable cost adjustments. This category is for increases or decreases in your agency's budget to reflect cost adjustments involving existing services <i>or</i> for adjustments to the rates charged by central service agencies for services used by other state agencies. (Note: This category is NOT for budget proposals involving a change in the scope of services or the way your agency delivers services or does business).
500-599	Caseload or workload adjustments. This category is for routine changes, either increases or decreases, in your agency's budget to reflect cost adjustments involving changes in workload or client load. (Note: This category is NOT for budget proposals involving a change in the scope of services or the way your agency delivers services or does business).
600-649	Reorganizations. This category is for proposals to transfer a program, service, or activity to another government entity (local, state, or federal), or to privatize. This category is for operational or organizational changes that will result in long-term cost-savings or benefits to the Commonwealth such as consolidating organizational units. This category is also for proposals that involve any agency reorganization that produces a need for additional agency resources (either funds or positions), or involves a policy issue. Examples include creating new organizational units or changing functional program units.
650-699	Operational efficiencies and service reductions. This category is for cost savings or efficiency measures that your agency proposes to implement or for proposals that produce cost savings by reducing the services or scope of services delivered to your agency's customers. Examples include phasing out or eliminating certain administrative activities or positions, reducing or eliminating discretionary expenses (printing, travel, etc.), or decreasing or eliminating current services.
700-724	Information technology. This category is for proposals for information technology resources, including hardware, software (whether commercial packages or custom-developed), telecommunications equipment, or services, and any related consulting, training, or support/maintenance services.
725-799	Other spending or initiatives. This category is for any other proposals for additional resources for new or expanded services.
800-824	Position level changes only. This category is for changes (increases or decreases) to position levels that have no other impact on appropriated amounts. (Note: transfers of positions between agencies should be requested using the 600-649 amendment series "reorganizations").
825-899	Appropriation Act language only. This category is for proposals to add, delete, or modify language in the Appropriation Act. Proposals in this category should have no impact on the appropriation amounts.
900-999	Capital projects. This category is to reflect increases or decreases in appropriations for new or existing capital outlay projects.

The Amendment Narrative Justification (Form NJ)

The Narrative Justification is your main tool to explain and justify your budget request so that decision makers can consider the merits of funding it. You must prepare a separate narrative justification for each amendment package.

You must use the prescribed format for the Amendment Narrative Justification (Form NJ). You can download the Amendment Narrative Justification in a Word file from DPB's web site (<http://dpb.virginia.gov/forms/forms.cfm>). The narrative justification must be submitted to DPB electronically via e-mail. Here are some guidelines for submitting this narrative:

- **Quality is important.** The quality of your submission is important. Remember: decision-makers may have only your narrative justification as a basis for evaluating your agency's proposal. You will need to thoroughly explain what the proposal involves and why the proposal should be funded. Be as thorough and complete as possible. Do not feel constrained by the format prescribed for the "Amendment Narrative Justification." Space is not limited. Feel free to provide all the necessary narrative to fully explain each amendment package.
- **Attach additional information if needed.** Be sure to include with your submission any supplementary documents, background information, or other material you think will support your submission and explain your proposal. If these materials are not available in electronic format, send a hard copy to your agency's DPB budget analyst.
- **Answer all questions in the required format.** You must respond to all the items in the required format. If an item is not applicable, simply put "N/A."

Figuring personal services costs

Use the following rates to calculate fringe benefit costs for any positions affected by an amendment:

<i>Subject</i>	<i>Factor</i>	<i>Annual Costs/Factor¹</i>
1111	VRS Retirement Contributions	
	State Employees	8.91%
	Virginia Law Officers Retirement (VaLORS)	21.99%
	State Police (SPORS)	21.49%
	Judges (JRS)	35.55%
1112	Social Security²	6.20% capped at \$87,900
1112	Medicare	1.45%

<i>Subobject</i>	<i>Factor</i>	<i>Annual Costs/Factor</i> ¹
1114	Group Life	Premium Holiday
1115	Annual Employer Health Insurance Premiums COVA Care (Statewide) and Kaiser (Northern VA)	
	Single	\$3,624
	Employee Plus One	\$6,468
	Family	\$9,480
1116	Retiree Health Insurance Credit Premium	1.04%
1117	VSDP & Long-Term Disability Insurance	
	State employees	1.65%
	State Police	1.65%
	VaLORS	1.65%
1118	Teachers Insurance and Annuity ³	10.40%
1119	Defined Contribution Plan ⁴	10.40%
1138	Deferred Compensation Match Payments	One-half of an employee's contribution per pay period, up to a maximum of \$20 per pay period or \$480 annually.

¹ Percentage costs refer to percent of salaries. Health insurance premiums are the annual employer dollar cost for an individual.

² The \$87,900 Social Security cap applies only to calendar year 2004. The Federal Social Security Administration will update this cap for calendar year 2005 at a later date.

³ For institutions of higher education: This includes alternative retirement options, such as TIAA-CREF, for those employees as defined in § 51.1-126 of the Code of Virginia.

⁴ Used for employees eligible for a defined contribution plan established pursuant to § 51.1-126.5 of the Code of Virginia.

- **Budgeting for new positions.** The lag pay plan passed by the 1997 General Assembly instituted new pay periods and shifted the June 30 pay period to the next fiscal year. For new positions hired at the beginning of the fiscal year, you should assume that the employee would start work on July 10, the first day of the first full pay period. With this start date, only 22 payrolls would be expensed. For all new positions requested, please indicate in the narrative justification the anticipated hire date, career group, role, and band. Discuss why the indicated hiring salary was selected.
- **Other personal and nonpersonal services costs.** If your proposal affects positions, make sure that you account for other personal services costs such as overtime payments, wage employment, and payment of leave balances. Also include any support costs such as office supplies, travel, or equipment needed to support the position(s).

Be sure to detail in the justification the nonpersonal services costs that are included in your request and the methodology for developing your cost estimates. Be sure to distinguish one-time costs.

Submitting your requests

Submit the **Amendment Narrative Justification (Form NJ)** in the electronic format described in the instructions. Attach any necessary supplemental information. E-mail your submission to budget@dpb.virginia.gov or send a diskette to your budget analyst. For Capital budget requests submit the appropriate budget request forms in electronic format using the format (agency code/form number/amendment number) to capitalbudget@dpb.virginia.gov.

Section 3: Data submission

This section provides details on preparing and filing the data submissions.

The data submission allocates the resources your agency proposes in each amendment package among the programs and subprograms, major objects or subobjects of expenditure, and funds or fund detail affected for each year of the 2004-2006 biennium. **The data submission is also due on October 13, 2004.**

Your data must be submitted using the new web-based system WebBEARS. This section is not applicable to capital budget requests; i.e., those in amendment series 900 to 999.

Prepare the budget data for each amendment package using the unique amendment package number you have assigned to it, as a discrete submission even if the request is distributed among several programs and subprograms. Do **not** combine multiple amendment packages or portions of them in your data submission.

Remember, when entering dollars or FTE positions for each proposal, **use only the incremental change** from your agency's current legislative appropriation (2004 Appropriation Act). Do **not** use replacement amounts.

Specific information about the data submission

Personal services. For all personal services, array your planned expenses for each amendment package by subobject detail. To download the Expenditure Structure, dated July 12 2004, go to <http://dpb.virginia.gov/forms/forms.cfm>. If the amendment package includes any adjustments for turnover and vacancy savings, you may use the following designated convenience codes:

- 1192 Turnover/Vacancy Faculty Salaries
- 1193 Turnover/Vacancy Fringe Benefits
- 1194 Turnover/Vacancy Medical/Hospital Insurance
- 1195 Turnover/Vacancy Classified Salaries

Do not use any other convenience codes for personal services.

Remember to carry out position requests to two decimal places.

Nonpersonal services. For all nonpersonal services, array the planned expenses by major object of expenditure. Use the designated convenience codes which are listed below (e.g., for your expenses in the 1200 major object of expense, enter your aggregate amount using the convenience code 1295):

- 1295 Undistributed Contractual Services
- 1395 Undistributed Supplies and Materials
- 1495 Undistributed Transfer Payments
- 1595 Undistributed Continuous Charges
- 2195 Undistributed Property and Improvements
- 2295 Undistributed Equipment
- 2395 Undistributed Plant and Equipment
- 3195 Undistributed Obligations

For nonpersonal services, use **ONLY** the designated convenience codes listed here. Do **not** use any other budgetary nonpersonal services convenience codes, including those in Section D of the Expenditure Structure or elsewhere. (*Note: For institutions of higher education, recoveries should include the appropriate recovery subobject code.*)

Fund/fund detail information. Include fund information at the program level by fund group. If your agency normally uses fund detail information, include this level of detail in your submission. If you should enter a fund/fund detail record that is not in your agency's current legislative appropriation (2004 Appropriation Act), the amendment package could create a negative fund amount, which your agency will have to correct.

Changes between fund sources. If an amendment package makes a shift between fund sources (for either dollars or FTEs) and the net effect of the amendment package or change is zero, you do not need to enter a detail subobject record.

Balancing the submission. Before submission, make sure that -- for each amendment package the total dollars and positions for fund/fund detail at the program level balance to the dollars and FTEs at the subobject level. If the amendment package contains multiple programs, the same rule applies: Each program must balance for dollars and FTEs at fund/fund detail and at the subobject level.

Numbering the submissions. Number each individual amendment package in sequential order according to its unique amendment package number (e.g., amendment package number 100, amendment package number 101, etc.). Be sure to use the same number you use on the Form NJ for each amendment package.

Submitting the data

Submit your data submission using WebBEARS (<http://dpb.virginia.gov/Bears/Welcome.cfm>), the new web-based budget submission. Tips on using WebBEARS:

- Most agencies have already obtained a login ID for staff using the WebBEARS system. If a new login ID is needed, go to the DPB's web site (<http://dpb.virginia.gov/Bears/accessrequest.cfm>) and submit the required form.

- ***Remember to use the drop-down menu on the main screen of WebBEARS to select “2005_Amendment Packages” when you enter your data.*** WebBEARS automatically codes all data for amendment packages as Level 2.
- WebBEARS has friendly “Help” screens that guide you through the system. For technical questions, contact your budget analyst. If your budget analyst is unavailable, you may call:

Martha Twiggs 804-786-1429

Van Nessa Davis-Thornton 804-786-2541

Once you click the “Complete submission” button, your submission will be locked and an email will be sent to DPB letting them know you have completed your submission.

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