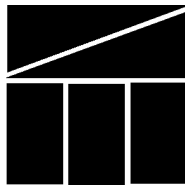


Instructions for 2007 Budget Submissions

Amendments to the
2006-2008 Biennial Budget



**Virginia Department of Planning and Budget
September 2006**

TABLE OF CONTENTS

Section 1 - Overview

Terms Used.....	5
Key Dates Calendar	6

Section 2 - Operating Amendments

Amendment Packages.....	6
2007 Amendment Package Categories	7

Section 3 - Narrative Justification

The Amendment Narrative Justification (Form NJ), New Position Detail (Form NP)	9
Submitting Requests	10

Section 4 - New Position Detail

Figuring Personal Services Costs.....	10
Submitting Requests	11

Section 5 - Data submission

Specific Information	12
Submitting Data	13

Section 6 - Information Technology

Information Technology Submissions	14
--	----

Section 7 - Rate Adjustments by Central Agencies

Rate Adjustment Narrative Justification.....	14
--	----

Section 8 - Out-Year Cost Estimates

Filing Out-Year Cost Estimates.....	15
-------------------------------------	----

Section 9 - Capital Outlay

General Information.....	15
DPB Form H-1	16
DPB Form CNJ	16
DPB Forms C-1, S-1, T-1, and E-1.....	16

Section 10 - Legislative Reporting

Legislative Reporting Requirements.....	17
---	----

Section 11 - Strategic Plan Updates

Updating Plan for FY07 and FY0817

Form Instructions and Sample Forms:

Narrative Justification (Form NJ)

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

New Position Detail (Form NP)

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>

Rate Adjustment Narrative Justifications

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

Out-Year Cost Estimates

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

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 2007 executive budget. The 2007 budget will contain the Governor's proposed amendments to the 2006-2008 biennial budget adopted by the 2006 Special Session I of the General Assembly. Your agency will be required to make electronic submissions to DPB for all proposed amendments. No hard copies are required or needed. **Your budget submissions are due to the Department of Planning and Budget no later than October 18, 2006.**

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 proposed generally only in the long legislative session when a new biennial budget is considered.

Amendments will only be considered if the specific request is determined to be inherently governmental. An inherently governmental activity is one that is so intimately related to the public interest, public well-being, and public trust as to mandate its performance by the governmental entity, state employees, and their direct agents. Guidance on inherently governmental activities may be found in the 2005 commercial activities inventory at: <http://www.egovcompetition.com/>.

Amendments are budget submissions that propose any changes to your agency's 2006-2008 legislative appropriation, as contained in the 2006 Appropriation Act. Your agency's proposed operating amendments are **due to DPB by October 18, 2006**. The submission includes two major components:

- **Narrative justifications and new position details.** For *each* individual amendment package your agency submits, you must prepare a *narrative justification* on Form NJ. In addition, for each amendment that involves a funding request for new positions, you must complete a Form NP (new positions) Excel spreadsheet. (These forms 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 DPB's WebBEARS that allocates the resources for each proposed amendment package among the affected programs/service areas and objects/subobjects for each year of the 2006-2008 biennium. *See Section 3 of these instructions for details on preparing the data submission.*

Only certain capital requests can be considered in an odd-numbered year. Section 4-4.01g of the 2006 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.

Agencies may submit an information technology (IT) amendment package for a major IT project only if the proposed project was identified in the *Agency IT Strategic Plan for 2006-2008* and included in the September 1 report to the Governor and General Assembly entitled, *Recommended Technology Investment Projects (RTIP) for the 2006-2008 Budget Biennium, September 1, 2006 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 2006-2008*. 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 2007 executive budget.

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

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

If your agency has no requests for *budget amendments* for the 2006-2008 biennium, your agency only needs to complete and submit the legislative reporting forms described in Section 10.

Terms used in these instructions

- **FY 2007** means the fiscal year beginning July 1, 2006 and ending June 30, 2007.
- **FY 2008** means the fiscal year beginning July 1, 2007 and ending June 30, 2008.
- **2006-2008** means the two fiscal year periods from July 1, 2006 to June 30, 2008.
- **2006 Appropriation Act** refers to Chapter 3, 2006 Acts of Assembly Special Session I.
- **Legislative Appropriation** refers to the dollar amounts and positions for FY 2007 and FY 2008 contained in the 2006 Appropriation Act.

Key dates calendar

<i>Date</i>	<i>Action</i>
September 29	Agencies provide their Secretaries a list of budget proposals for consideration.
October 06	Secretaries provide guidance on which requests need detailed submission.
October 18	Budget submissions due to DPB from agencies.
October 20	Nongeneral fund revenue estimates due to DPB from agencies.
November 1	Strategic plan templates resubmitted to reflect financial and programmatic changes in the 2006-2008 biennial budget (Chapter 3).
November 1	Legislative reporting forms due to DPB from agencies.
December 15	Governor submits proposed amendments to the 2006-2008 budget to the General Assembly.
January 10	2007 General Assembly convenes.

Section 2: Operating Amendments

This section provides details on submitting amendment packages for your proposed amendments to the 2006-2008 budget

For requests to amend the operating budget, your agency's 2007 budget submission includes two major elements: (1) narrative justifications (one for each proposed amendment) and new position details (one for each amendment with new positions), and (2) a WebBEARS data submission. Your Secretary may require additional information as well.

An "amendment" is a proposal to modify your agency's 2006-2008 legislative appropriation or to modify language in the 2006 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.)

Dollar or position amendments may be technical in nature or seek funding to maintain current levels of services or to fund new initiatives.

- **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 18, 2006*. Examples of technical adjustments include proposals to shift funds or positions between programs or service areas, 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 2007 or FY 2008, 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.
- **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 outlined above*. If your agency proposes changes to the *language* only (does not affect dollar amounts of positions) in the 2006 Appropriation Act, submit the “Amendment Narrative Justification” (Form NJ) to explain the intent of and reason for the amendment. At the end of the form, insert an electronic copy of the affected page(s) of the 2006 Appropriation Act. Show proposed additions in italics and requested deletions with strike-throughs.

2007 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 an overall net budget impact or do not involve policy decisions, such as to shift funds or positions between programs or service areas 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).
300-349	Emergencies. The request is essential to prevent or eliminate an immediate threat to life, safety, health, or property.

<i>Number Series</i>	<i>Category Definition</i>
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.
400-449	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.)
450-499	Salary increases and regrades. This category is for salary increases due to position regrade/classification. (Note: This category is NOT for statewide salary increases).
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 workloads or client loads. (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 also is 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 that will require new or expanded services.

<i>Number Series</i>	<i>Category Definition</i>
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.

Section 3: Narrative Justification

This section provides details and requirements for preparing your narrative justifications.

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. In addition, if your request involves new positions, you must submit a separate form (Form NP) that details the cost of the new positions requested.

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. The new position detail submission Excel file (Form NP) can also be downloaded from the DPB web site. A separate copy of Form NP must be submitted electronically for each amendment that contains funding for new positions.

The following are some guidelines for submitting your request:

- **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 space provided 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, such as background information or other material you think will explain your proposal and support your submission. 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.** For technical adjustments (amendment numbers 200 through 299), you only need to complete the first section of Form NJ. For all other requests, you must respond to all of the items in the required format. If an item is not applicable, simply put “N/A.”

Submit the **Amendment Narrative Justification (Form NJ)** in the electronic format described in the instructions in Appendix A. Attach any necessary supplemental information. E-mail your submission to budget@dpb.virginia.gov and your assigned DPB budget analyst. All files submitted (including supplemental information) should be named to include the form number (where applicable), the agency code, and the amendment number to which the files apply.

Section 4: New Position Detail (Form NP)

This section provides details on calculating the costs of requested new positions.

For new positions, you are required to submit a copy of Form NP, which is an Excel file that will calculate the costs of new positions for you. Form NP already contains the rates in the following table. If you have a request that involves personal services costs other than new positions (such as a job class regrade), you will need to calculate the costs separately using the following rates as appropriate.

<i>Subsubject</i>	<i>Factor</i>	<i>Annual Costs/Factor ¹</i>	
1111	VRS Retirement Contributions²	FY 2007	FY 2008
	State Employees	10.74%	11.15%
	Virginia Law Officers Retirement (VaLORS)	19.96%	20.86%
	State Police (SPORS)	21.71%	22.89%
	Judges (JRS)	41.47%	43.01%
1112	Social Security ³	6.20% capped at \$94,200	
1112	Medicare	1.45%	
1114	Group Life	1.13%	
1115	Annual Employer Health Insurance Premiums		
	Single	\$4,536	
	Employee Plus One	\$8,100	
	Family	\$11,892	
1116	Retiree Health Insurance Credit Premium	1.07%	
1117	VSDP & Long-Term Disability Insurance		
	State employees	1.78%	
	State Police	1.78%	
	VaLORS	1.78%	

1118	Teachers Insurance and Annuity ⁴	10.40%
1119	Defined Contribution Plan ⁵	10.40%
1138	Deferred Compensation Match Payments	One-half of employee's contribution per pay period, up to a max 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. Except for retirement, cost factors are the same for both years.

² Retirement contribution rates include the five percent employee portion (paid by the Commonwealth for state employees).

³ The \$94,200 Social Security cap applies only to calendar year 2006. The Federal Social Security Administration will update this cap for calendar year 2007 at a later date.

⁴ 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.

⁵ Used for employees eligible for a defined contribution plan established pursuant to § 51.1-126.5 of the Code of Virginia.

- **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).

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.

Submit the **New Position Detail (Form NP)** in the electronic format described in the instructions in Appendix B. Attach any necessary supplemental information. E-mail your submission to budget@dpb.virginia.gov and to your assigned DPB budget analyst. All files submitted (including supplemental information) should be named to include the form number (where applicable), the agency code, and the amendment number to which the files apply.

Section 5: 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 service areas, major objects or subobjects of expenditure, and funds or fund detail affected for each year of the 2006-2008 biennium. **The data submission is also due on October 18, 2006.**

Your data must be submitted using DPB's web-based WebBEARS system.

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 service areas. Do **not** combine multiple amendment packages or portions thereof 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 (2006 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 06, 2006, 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 no more than two decimal places.

Nonpersonal services. For all nonpersonal services, array the planned expenses *by major object of expenditure*. Use only 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.*)

Sum Sufficient Appropriations. Internal Service Fund Requests for sum sufficient and/or internal service fund requests, please array your amendments as described previously by program, service area, and appropriate expenditure codes and then use subobject 4101 (sum sufficient recovery) to offset the total amount being requested at the service level area level. In addition, do not enter any dollar amounts for the 0600 fund in the “fund” screen. You should enter position totals and fund totals for positions supported by the sum sufficient appropriation.

Fund/fund detail information. Include fund information at the program level by fund/fund detail. Remember that if your request for funding is approved, the nongeneral fund detail submitted is the fund from which you will be expected to expend. For nongeneral funds, unless you are initiating the use of a new fund, make sure that the fund/fund details submitted are the same ones from which your agency currently expends or are included in your agency’s 2006 legislative appropriation.

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 200, amendment package number 201, 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 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 “2007_Amendments” when you enter your data.***

- 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:

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.

Section 6: Information Technology Submissions

This section provides details on preparing and filing information technology submissions.

Section 2.2-2007 of the Code of Virginia requires that the Commonwealth’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 18, 2006. 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 2006-2008 Budget Biennium, September 1, 2006 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 2007 budget bill.

Section 7: Rate Adjustments by Central Agencies

This section provides details on requirements for rate adjustments by central agencies.

As the Governor’s introduced budget is developed, it is necessary for central service agencies to inform DPB of any actions they might propose that could impact the operating budgets of other state agencies in the future. Such actions include changes to the rates imposed upon other state agencies for intra-governmental services, such as telecommunications, office space rentals, or insurance premiums. It is imperative that this information is received in time for consideration and possible inclusion within the Governor’s introduced budget. **No change to central service agency rates may be implemented without the prior notification of DPB and inclusion in the Governor’s Executive Budget.**

Central service agencies must notify DPB by October 18, 2006 about any planned changes to the rates they will assess other state agencies during the 2006-2008 biennium. This notification must include an explanation justifying the proposed rate adjustment, the service rate currently in effect, the new rate being proposed, the unit of measure for the affected service (e.g., square footage of office space, etc.), the total number of units used by each affected state agency, and the effective date of the rate adjustment. Central service agencies should submit the required information to DPB in an electronic format on Form RANJ – Rate Adjustment Narrative Justification. However, central agencies do not need to make a WebBEARS submission for these rate adjustments, unless the rate adjustments impact their own base budget. If rate adjustments are approved, DPB will make the adjustments for other individual agencies.

See Appendix E of these instructions for more on Form RANJ.

In addition to completing the Form RANJ, the central agency needs to provide a spreadsheet showing the 2006-2008 impact by fiscal year over existing rates for each affected state agency.

Section 8: Out-Year Cost Estimates (Form OYF)

This section provides details on preparing and filing out-year cost estimates.

Section 2.2-1503.1 of the Code of Virginia requires a six-year estimate of expenditures. In order to prepare this estimate, agencies that anticipate an increase or decrease in spending in the out-years (e.g., FY 2009, FY 2010, FY 2011, and FY 2012) that is not part of a decision package for the 2006-2008 biennium must complete the Form OYF. An example would be a building or facility scheduled to open in FY 2009 for which additional operating expenses would be required.

See Appendix F of these instructions for more on Form OYF.

Section 9: Capital Outlay Amendments

This section provides details on preparing capital budget 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 DPB Forms C-1, S-1, and CNJ.

- **For requests for emergency projects**, agencies should submit the DPB Forms H-1, C-1, S-1, and CNJ. In addition, if the project has a significant energy or technology component, you will need to prepare Department of Planning and Budget (DPB) 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 meets the capital project definitions if it were 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 to the landlord multiplied by the number of years of the lease, including fixed renewal option periods exercisable by the Commonwealth, up to a maximum of 20 years or (2) the expected total of all annual lease payments over the term of the lease, including fixed renewal option periods exercisable by the Commonwealth, 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.

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 and to your assigned DPB budget analyst.

Section 10: Legislative Reporting Requirements

Note: This section is required even if you are not submitting any budget requests.

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 assigned DPB budget analyst by November 1, 2006. **NOTE:** Public institutions of higher education are exempted from completing Form FS and Form FF.

- **Federal spending.** Section 2.2-603 (E) of the Code of Virginia requires that agencies annually report each year the percentage of their spending that is from federal funds. (Form FS)
- **Federal grants.** Section 2.2-603 (E) of the Code, enacted by the 1997 General Assembly, requires agencies to compile information regarding 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 2006 Appropriation Act requires agencies to report on organizational memberships with annual dues of \$5,000 or more. (Form OM)

Section 11: Strategic Plan Updates

Note: This section is required even if you are not submitting any budget requests.

The strategic and service area planning model asks agencies to update their plans to reflect the budgetary actions taken by the Governor and the General Assembly. Included in the changes is the need to update your agency's service area financial and performance measure related data as impacted by budget actions. There may be agencies that do not need to make changes if their budget is the same as the one introduced by the Governor in December 2005. For information on how make specific changes to your plan, please refer to <http://dpb.virginia.gov/sp/sp.cfm>. **This is your agency's full plan, not "Key Objectives and Measures."**

- **Budget Service Area Plan Alignment.** Using the latest version of your strategic and service area template, update the financial information contained in Chapter 3 (Appropriation Act). If you do not have a copy of Chapter 3, access your agency's operating budgets at: <http://leg1.state.va.us/062/bud/TOC5.HTM>. Drill down through the appropriate secretariat to find your agency and service areas
- **Performance Measure and Objectives Alignment.** Modify agency objectives and performance measures, if necessary to reflect budgetary and programmatic changes reflected in Chapter 3 or any other legislation enacted as a result of 2006 General Assembly Session.