

May 11, 2001

TO: Heads of All State Agencies
Budget Officers of All State Agencies

FROM: Richard D. Brown
Deputy Director

SUBJECT: Instructions for Fiscal Year 2001 Closing
Fiscal Year 2002 Start-up

The following **budget execution** instructions provide information on closing actions for fiscal year 2001 and on procedures for starting up the 2002 fiscal year. These instructions address both the operating and capital budgets. The State Comptroller will send you detailed **accounting** procedures for the yearend close.

The 2000 Appropriation Act (Chapter 1073 of the 2000 Acts of Assembly) continues to be the appropriation authority for the 2000-02 biennium, in the absence of any amendments thereto by the General Assembly.

If you encounter any problems or need specific advice or assistance, please contact your budget analyst.

Please note the following highlights:

Deficits

Your analysis and monitoring of expenditures against cash, allotments, and appropriations are important to avoid incurring a deficit at the close of the fiscal year on June 30, 2001. Section 4-3.00 of the General Provisions of the 2000 Appropriation Act prohibits state agencies from incurring deficits, except under limited conditions. A deficit means the obligation or expenditure of funds greater than appropriations. For nongeneral funds, it means spending in excess of the revenues collected. The State Comptroller reserves the right to delete any transaction that fails to meet CARS cash, appropriation, or allotment criteria.

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It is important that you alert the Department of Planning and Budget before June 11 if you anticipate a problem in closing the year. Do not wait until the yearend close is underway.

FY 2001 Yearend Close and FY 2002 Startup

Important dates:

Monday, June 11, 5:00 p.m. Final FATS transactions for FY 2001 due to DPB
FATS closes to agencies for FY 2001

Wednesday, June 13 FATS becomes available for FY 2002 transactions

DPB will create initial appropriations and allotments for FY 2002 and transmit them to CARS, to be available July 1, with the exception of certain appropriations listed in Appendix B.

Reappropriation of FY 2001 general fund operating expense appropriations

It is expected that DPB will complete reappropriation actions in September or October. DPB will prepare the FATS transactions for this purpose. Agencies will be asked to submit a plan of expenditure for any June 30, 2001, general fund balances prior to execution of the FATS transactions. Supplemental instructions will be sent to agencies during the review of reappropriation requests. Once these actions have been completed, agencies may subsequently need to submit some Form 27 requests to spread the approved reappropriations among their various programs and subprograms.

Appropriation of FY 2001 nongeneral fund cash balances

Agencies will be asked to complete a plan of expenditure for any June 30, 2001, nongeneral fund cash balances prior to submission of FATS transactions. Once these plans have been approved, agencies will be instructed to prepare FATS transactions to appropriate (to the extent necessary) and spread these amounts to the appropriate programs and subprograms.

Recovery subject codes

Use of recovery codes xx98 and xx99 must be consistent with the "Procedures for Identifying and Accounting for Transactions between State Agencies and Institutions" which were issued jointly by DPB and the Department of Accounts (DOA) on May 20, 1998. If your agency plans to use these codes and DPB has not approved the use of the recovery code since the start of the— 2000-02 biennium, permission must be requested by June 8, 2001. See Appendix E for more details including a list of agency approved recovery codes.

Some agencies have been using recovery subobject codes without DPB approval. DPB analysts will be contacting these agencies requesting that the appropriate forms be submitted by June 8.

Reappropriation of Capital Projects

Approximately August 6, DPB will bring forward into FY 2002 current capital project appropriations in PROBUD as of June 30, 2001. In conjunction with this action, DPB requires agencies to report in June on the status of all capital outlay projects. The purpose of this exercise is to identify appropriation balances that must be brought forward and to monitor agency progress toward completing funded projects. Instructions for conducting this review are found beginning on page 11 of the attached instructions. Your package is due to DPB **no later than June 15, 2001**. Unlike previous years, this submission will be made electronically.

New Capital Projects

DPB will create initial appropriations for new FY 2002 capital projects that have been restored pursuant to Executive Order 74 (2001). All dollars for the restored projects will be initially unallotted. Each affected agency must submit an E&B Form CO-2 to the Department of General Services to initiate the project. After the CO-2 has been approved, you may submit a FATS request to DPB to allot dollars based upon the status of the project.

Maintenance Reserve

The 2000 Appropriation Act includes language to encourage agencies and institutions of higher education to more effectively manage the use of funds provided for plant maintenance. Item C-200, Paragraph B, states that:

Any agency or institution of higher education which has not expended or contractually obligated itself in a legally binding manner to expend 85 percent or more of its biennial general fund appropriation for maintenance reserve by June 30, 2002, shall revert to the general fund of the Commonwealth the amount related to the difference between its percentage actually expended or obligated and the 85 percent standard.

This is a new requirement for agencies other than institutions of higher education beginning with the 2000-02 biennium. Please note that pursuant to Executive Order 74 (2001) fifty percent of each agency's FY 2002 maintenance reserve allocation has been frozen and will not be transferred to agencies.

FY 2002 Central Appropriations and Nongeneral Fund Cash Transfers

DPB will notify agencies of central appropriation adjustments and selected nongeneral fund cash transfers required by Part 3 of the 2000 Appropriation Act sometime during the first quarter of the fiscal year. Appendix A includes a summary of these central appropriations and selected nongeneral fund cash transfers for FY 2002.

Subobject Codes

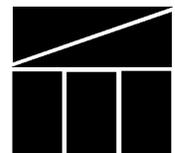
A complete list of subobject codes in effect for FY 2002 is available through the Internet on DPB's web site at "www.dpb.state.va.us." Changes during the current fiscal year are highlighted. The most significant change is the addition of subobject code 112x to be used by agencies and institutions of higher education to record salary expenses for those employees covered by the Virginia Law Officers' Retirement System. Affected agencies are to begin using this new subobject code on July 1, 2001.

Attachment

- c: The Honorable Ronald L. Tillett, Secretary of Finance
- Mr. Scott D. Pattison, Director, Department of Planning and Budget
- Mr. William E. Landsidle, State Comptroller
- Mr. Donald C. Williams, Director, Department of General Services
- Mr. O. Gene Dishner, Director, Department of Mines, Minerals and Energy

Budget Execution Instructions

**FY 2001 Yearend Closing
FY 2002 New Year Start-up**



**Virginia Department of
Planning and Budget
May 2001**

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Introduction

General

This package provides guidance and instructions to close out fiscal year 2001 and start up fiscal year 2002.

Calendar

The significant dates for year-end close and new year start-up actions are:

| <i>Date</i> | <i>Action</i> |
|------------------------|--|
| June 8, 2001 | Agencies submit requests for use of recovery subobject codes |
| June 11, 2001 | Cutoff date for submission of Form 27 actions for FY 2001 – FATS closes to agencies for FY 2000 transactions |
| June 13, 2001 | FATS becomes available for FY 2002 transactions |
| June 15, 2001 | Agencies submit packages for reappropriations of capital projects for FY 2002 |
| June 18, 2001 | DPB submits final FY 2001 appropriation actions to Department of Accounts (DOA) |
| June 25, 2001 | Initial FY 2002 appropriations become available to agencies on CARS |
| August 15, 2001 | State Comptroller issues preliminary report for Fiscal Year 2001 |
| September/October 2001 | DPB completes reappropriation of approved FY 2001 unexpended general fund operating expense balances and balances become available to agencies on CARS |
| October 1, 2001 | Agencies clear out convenience subobject codes other than the xx95 series. |

Terms and references

2000 Appropriation Act means the biennial appropriation act for the 2000-02 biennium as passed by the 2000 General Assembly. In these instructions, it may also be referred to as “Chapter 1073.”

FY 2001 means the fiscal year beginning July 1, 2000, and ending on June 30, 2001.

FY 2002 means the fiscal year beginning July 1, 2001, and ending on June 30, 2002.

Final Appropriation and Allotment Actions for FY 2001

Deadline for agency submission of FY 2001 Form 27 adjustments

The deadline to submit Form 27s (FATS) to DPB for FY 2001 appropriation and allotment actions, both operating and capital, is:

5 P.M., Monday, June 11, 2001

If you have any *agency pending* transactions on FATS that you do not intend to process, you should **void** these transactions before this closing date. You will have *inquiry* access after the deadline to allow you to review or browse voided or completed FY 2001 transactions.

DPB will process the final FY 2001 actions and provide them to DOA by **Monday, June 18, 2001**.

Initial Appropriations and Allotments for FY 2002

Establishing operating expense appropriations for FY 2002

DPB will create initial appropriations and allotments for FY 2002 operating expenses and will transmit them to CARS. The appropriations will be available to you on June 25, 2001. **You do not need to take any action.**

DPB's initial actions will include:

1. Legislative appropriations in the 2000 Appropriation Act.
2. Transfer (rollover) of Fund 0100 to Fund 0300 in program 100 (Educational and General Programs) for institutions of higher education. This transfer will be made for the initial legislative appropriation in Chapter 1073.
3. Transfer of FY 2002 agency productivity savings and spending reduction plan amounts to central appropriations.

See Appendix A for information concerning FY 2002 transfers to and from Central Appropriations that will occur later in the fiscal year. Appendix A also discusses statewide nongeneral fund cash transfers required by Part 3 of the Appropriation Act.

Allotments / exceptions

Your operating expense appropriations, except those listed in Appendix B, will be allotted and available for expenditure on July 1, 2001.

The July 1 CARS data will reflect subobject code detail for personal services and will be at the major object level for nonpersonal services, including convenience subobject codes. This data represents the budget as passed by the 2000 General Assembly.

Planned Excess Tuition and Fees (For affected institutions of higher education only)

Section 4-2.01c.2. of the 2000 Appropriation Act requires that institutions with *planned excess tuition and fee appropriations* (technology fees fall under this category) submit a plan to document the use of funds. The language requires that the plan be submitted **prior** to each fiscal year and **prior** to the allotment of such funds. Affected institutions should submit plans to their budget analysts by June 8,

2001. For planned excess tuition and fees, institutions should deposit revenues and record expenditures in fund detail 0307.

Section 4-2.01c. provides that retention of the excess revenues by the institution of higher education is subject to the following conditions:

- revenues are identified by language in the appropriations in the act;
- the use of the excess revenue is fully documented by the institution to the Governor prior to each fiscal year and prior to their allotment;
- the funds are supplemental to, and not part of, ongoing expenditure levels for educational and general programs used as a basis for funding in future biennia;
- receipt and expenditure of these funds shall be recorded as restricted funds on the books of the Department of Accounts and shall not revert to the surplus of the general fund at the end of the biennium; and
- tuition and fee revenue generated by the institutions other than as provided herein shall be subject to the provisions of §§4-1.03 b. and 4-1.05 b.3. of the Appropriation Act.

The plan should contain the following components:

- address how the institution meets all of the provisions of the Appropriation Act as stated above;
- describe the fee impact on both resident and nonresident students; and
- describe how the “excess” revenue will be used to support technology needs.

FATS system available to agencies for FY 2002 transactions

Beginning **6 a.m. on Wednesday, June 13, 2001**, you may submit new Form 27 transactions for FY 2002 on FATS.

Appropriation adjustments required to be available on July 1, 2001

For selected state agencies, two actions will not be reflected in the initial appropriations transmitted to CARS by DPB. These are:

1. Dollar amounts at subobject level detail for sum sufficient items included in the 2000 Appropriation Act.
2. Appropriation of certain unexpended federal grants that must be immediately available on July 1, 2001, to ensure that services may continue without interruption.

If you need to set up dollar appropriations for a **sum sufficient** item to be available on CARS on July 1, you must submit the Form 27 data on FATS between **6 a.m. on June 13 and 5 p.m. on June 15**.

Use adjustment type “F” and include a transaction brief stating: *“To establish the sum sufficient amount for Item # in the 2000 Appropriation Act.”*

If you need to have **unexpended federal funds** available on July 1, you must submit the Form 27 data on FATS between **6 a.m. on June 13 and 5 p.m. on June 15.** Use Adjustment Type E. Round the requested amount **down** to the nearest whole dollar. The amount requested should be the **agency estimate** of the cash balance that will be unexpended on June 30, 2001. Your transaction brief should clearly describe how the funds will be used and the need for the appropriation and note that it is an estimated amount. Page 5 of the FATS Online System User Manual lists the questions that **must** be addressed in the FATS transaction brief.

The State Comptroller will close the fiscal year on July 26, 2001, and report the exact amount of the unexpended appropriations **in the last week of July** in the year end reports. If the original estimated balance exceeds the amount reported by the State Comptroller, submit another Form 27 on FATS to adjust the original estimated balance down to the exact amount. Again, round the requested amount **down** to the nearest whole dollar.

If there are actions other than those described above which need to be in place by July 1, consult your DPB analyst so that you can submit any required Form 27 between June 13 and June 15.

Changes to initial appropriations/operating plan adjustments

Clearing out convenience subobject codes. While the initial appropriations on CARS will contain convenience subobject codes, expense vouchers to be processed through CARS must be coded using valid expenditure subobject codes. No convenience codes can be used to record expenditures; therefore, agencies **may not** use convenience codes to appropriate funds during the fiscal year.

The following guidelines apply to clearing out convenience subobject codes in PROBUD. First, any convenience codes affecting personal services amounts and positions for FY 2002, including fund 1200, must be cleared out by **October 1, 2001**. Second, also clear out any nonpersonal services subobject codes, except the xx95 codes, by **October 1, 2001**. Third, it is not necessary to clear out the xx95 convenience codes for undistributed nonpersonal services. However, if you desire, you may clear out these xx95 convenience codes through FATS transactions whenever you wish.

See Appendix C for a listing of the convenience codes.

Reappropriation of FY 2001 unexpended general fund appropriations for operating expenses

As part of the yearend close process, the State Comptroller reverts all unexpended general fund operating expense appropriations to the fund balance of the general fund. Section 4-1.06 of the 2000 Appropriation Act governs the reappropriation of such unexpended general fund operating expense appropriations for use in the next year. Under that section, the Governor has general authority in his discretion to approve reappropriations for Executive Department agencies, other than those for which the General Assembly has mandated reappropriations by specific language in the act. The act mandates the reappropriation of unexpended appropriations for agencies in the Legislative and Judicial Departments and the Independent Agencies, and reappropriation of some unexpended appropriations for institutions of higher education. For institutions of higher education the cash balance in Educational and General programs (fund 0300) will be considered general fund at the end of the fiscal year. The reappropriation amount will equal the unexpended cash balance that has been appropriated in FY 2001.

DPB will calculate centrally the amount available for reappropriation for each agency, based on DOA's report of unexpended appropriations (CARS ACTR 1408) for FY 2001 final close, which will be available the last week of July. **Agencies should not submit FATS transactions for these reappropriations.**

DPB will request additional information from agencies in August, once the State Comptroller reports the exact amount of unexpended balances. It is expected that reappropriation decisions will be completed in September or October. There may be some cases where retention by the general fund will be necessary, as provided in § 4-1.06, and reappropriation cannot be made. In those cases, the DPB analyst will contact the affected agency.

The unexpended general fund operating expense appropriations must be reappropriated in the respective programs in the CARS ACTR 1408 report. DPB will prepare the FATS transactions to reappropriate the approved balances. Agencies may find it necessary to submit FATS transactions to distribute the amounts to valid subprogram and expenditure subobject codes within the designated program or to transfer the reappropriation to a different program from that in which the appropriation was listed in CARS on June 30. Any such program transfers **must** be accompanied by a transaction brief providing the basis for the request. (See Page 8 of the FATS Online System Users Manual for items that must be included in the brief.)

Appropriation of FY 2001 nongeneral fund unexpended cash balances

Unexpended nongeneral fund appropriations are not brought forward in PROBUD and CARS. They will expire on June 30, 2001. Unexpended nongeneral fund cash balances on June 30, 2001, must be

appropriated if you wish to spend this cash in FY 2002. The appropriation is subject to DOA's cash controls. DOA will not approve expenditures that exceed the available cash.

Agencies will be asked to complete a plan of expenditure for any nongeneral fund cash balances prior to submission of FATS transactions. Once these plans have been approved, agencies will be instructed to prepare FATS transactions to appropriate (to the extent necessary) and spread these amounts to the appropriate programs and subprograms. Further details on the preparation of these plans will be forthcoming.

Once agencies are notified by DPB that their plans have been approved, they should take the following actions:

1. Verify on their final close CARS ACTR 402 report the actual unexpended cash balance. (DPB will not notify agencies of this amount.)
2. Submit a Form 27 on FATS to DPB requesting appropriation and allotment of the amount estimated to be needed in FY 2002. If the entire balance is to be requested, then it must be rounded **down** to the nearest dollar. Use Adjustment Type E. Failure to round down will delay posting of your appropriation to CARS and will consequently delay processing of payments.

Additional nongeneral fund revenue appropriations

If it is desired to create a nongeneral fund operating appropriation on or after July 1, in anticipation of new or supplemental revenues to be received in FY 2002, a FATS transaction, Adjustment Type G, should be processed. The request must include a transaction brief clearly explaining and justifying how the additional nongeneral funds will be expended and describing the source of the additional funding. Documentation must be forwarded to the DPB analyst refelecting the amount and source of funds. Page 5 of the FATS Online System User Manual lists the questions that **must** be addressed in the FATS transaction brief. It is the agency's responsibility to provide cash to support the appropriation thus created.

FY 2002 Higher Education Equipment Trust Fund lease payments

The 2000 Appropriation Act provides funding to support debt service on equipment purchased through the Virginia College Building Authority's (VCBA) Higher Education Equipment Trust Fund. Starting in the 2000-02 biennium, all remaining lease payments are centralized in the Treasury Board budget. The amounts appropriated to institutions in FY 2000 for remaining lease payments have been moved to the Treasury Board for FY 2001 and FY 2002. Thus, the Treasury Board will make lease payments on the remaining leases, and will make debt service payments on all equipment purchased in FY 1999 and FY 2000 under the new system. In addition, the debt service for all new equipment authorized under the Higher Education Equipment Trust Fund for FY 2001 and FY 2002 is appropriated to the Treasury Board and does not involve the individual institution budgets.

No action will be necessary on the part of the institutions for payment of leases or debt service associated with the Higher Education Equipment Trust Fund.

Request for use of recovery subobject codes xx98 and xx99

DPB has established the xx98 (Inter-Agency Recovery) and xx99 (Intra-Agency Recovery) subobject codes for each of the major objects of expenditure. **These codes may be used only with prior DPB approval.**

When making your decision about the need to use the xx98 subobject codes, please refer to the joint DPB and DOA guidelines entitled [“Procedures for Identifying and Accounting for Transactions Between State Agencies and Institutions” dated May 20, 1998.](#) (The procedures may be found on DOA’s website at www.doa.state.va.us/docs/procedures/Pass-Through/Memo.htm)

These joint guidelines specifically address the procedures to be used for identifying and accounting for subrecipient and vendor transactions, such as those when one state agency purchases services from another state agency. Recovery codes are used only for non-subrecipient/non-vendor relationships. Mainly this would include refunds made by vendors or parties outside state government. They should not be used to record payments for goods or services provided to public or private individuals or entities.

Also note that the xx98 subobject codes should only be used when the expenditure and recovery of expenditure occur in the **same** fiscal year.

If your agency wants to use either or both codes after June 30, 2001, and has not previously received approval from DPB to use these codes, complete the enclosed Form OC-1 (*Appendix E*) for each application at the program level and submit the form to DPB as an e-mail attachment by June 8, 2001. (The form is available as a Word document on the DPB website at www.dpb.state.va.us under state agency services/forms and instructions as part of the 2001 closeout/2002 startup instructions.) Appendix E lists the agency approved recovery codes. For these recovery codes, no further action is necessary. Any requests for new codes made during FY 2002 require up to 30 days for action.

Please note that in addition to the two recovery subobject codes discussed above, there are two personal services recovery codes available for use by institutions of higher education. These are 1196 (Indirect Cost Recoveries from Auxiliary Programs for Personal Services) and 1197 (Indirect Cost Recoveries from Sponsored Programs for Personal Services). It is very important that institutions of higher education record expenditures to these subobject codes **appropriately, promptly, and accurately** on the Commonwealth’s Accounting and Reporting System (CARS). Institutions should record the personal service expenditure recoveries **at least monthly** in CARS. This action provides DPB with the most complete picture of how much your institution is recovering from Auxiliary Enterprises and Sponsored Programs for services provided within the Educational and General Program (E&G). **Use of subobject codes 1196 and 1197 does not require prior DPB approval.**

Capital Projects

New capital projects

DPB will create initial appropriations and unallotments for FY 2002 capital expenses (general fund and nongeneral fund) and will transmit them to CARS. The appropriations will be available to you on June 20, 2001. This includes those capital projects with FY 2002 appropriations that were restored pursuant to Executive Order 74 (2001). Appendix D lists FY 2002 general fund capital appropriations, other than maintenance reserve, which have been restored. The following procedures apply to those capital projects with FY 2002 appropriations that were restored pursuant to Executive Order 74 (2001):

- 1. Initial Appropriations.** DPB will enter the appropriations for all state-owned projects into PROBUD and transmit them to CARS to be available on June 25, 2001. **Do not submit FATS transactions to enter new project appropriations into PROBUD and CARS.** All project appropriations will be unallotted.
- 2. Project Initiation or Change.** Each affected agency must submit an E&B Form CO-2 to the Department of General Services (DGS). If a project was partially funded in each year of the biennium, a separate CO-2 form must be submitted in FY 2002 for the second year funds. If FY 2002 funds restore equipment funds reverted by Item C-7.10 of Chapter 935(1999), be sure that the current CO-2 shows the earlier reduction. If the reduction is not reflected in the current CO-2, show this reduction on the CO-2 that you will be submitting.
- 3. Allotment of Project Appropriation.** After you have received an approved CO-2, you may submit a FATS transaction to DPB to allot enough funds to complete working drawings (usually 75 percent of the amount budgeted for architectural and engineering or A/E fees in the approved CO-2 form) if the project is not on the “delayed list” per the Governor’s Actions to Balance the State Budget, March 12, 2001. Use Adjustment Type L and distribute the allotment to valid expenditure subobject codes.

After you have received the construction bid and submitted an E&B Form CO-8 to DGS, submit a FATS request to DPB to allot construction funds. Include with the FATS request copies of the bid. DPB will allot up to the bid amount for construction and equipment, an amount for project contingencies (until further notice, this is no more than two percent of the construction contract for new construction or renovations over \$1 million or five percent for renovations under \$1 million), estimated amounts for testing, inspecting, or project management services, and the balance of the architectural and engineering contract.

If project construction and equipment costs are anticipated to exceed the allotted amounts, the agency must submit a revised CO-2 to DGS and a FATS request to DPB to access the remaining appropriated funds. The transaction brief must provide sufficient information to describe and justify the need for additional dollars to be allotted.

4. As a pilot project, selected institutions of higher education were delegated authority in § 4-5.08 b. of the 1996 Appropriation Act to perform certain post-appropriation functions for nongeneral fund capital projects. The delegation was effective upon approval of the policies, procedures, and guidelines of each institution by the Secretaries of Administration and Finance. The authority has been continued until June 30, 2002, in § 4-5.08 b. of the 2000 Appropriation Act and will expire on that date.
5. The 2000 Appropriation Act establishes Capital Clearing Accounts for Health and Human Resources (Item C-144.10) and Public Safety (Item C-184.10).

Funds for those FY 2002 capital projects delayed pursuant to Executive Order 74 (2001) were transferred to a central reversion clearing account. If the Governor's Office subsequently approves the release of a capital project on the delayed list, then the agency should prepare a FATS transaction (transfer to). DPB will then prepare the corresponding (transfer from) FATS transaction. The same allotment rules outlined above will apply to these projects.

Energy Efficiency Projects

Item C-202 of the 2000 Appropriation Act requires agencies to notify the DPB Director **prior** to the award of a construction contract for any **general fund improvement** capital project funded in that act that has an energy-related **component**. The purpose of this notification is to determine whether any such project is eligible for funding from the Oil Overcharge Expendable Trust Fund. The Department of General Services will not approve any E & B Form CO-8s until this review has been completed.

The notification to the DPB Director should include the following:

- A description of the energy portion of the project;
- Projected annual energy and cost savings;
- Target population and beneficiaries;
- Project official who would be responsible for the use of the Oil Overcharge funds; and,
- Time frame for completing the project.

Once notified, DPB, with the assistance of the Department of Mines, Minerals and Energy (DMME), will review the project to determine funding eligibility. For those projects meeting the criteria, DMME will work with the agency to prepare applications to the United States Department of Energy. If the Department of Energy subsequently approves funding for the project, DPB will transfer nongeneral funds from this Item to the project and will reduce the project's general fund appropriations by the same amount.

Maintenance reserve projects

Item C-200 of the 2000 Appropriation Act lists the general fund allocations for affected agencies and institutions of higher education for each year of the next biennium. On July 1, 2001, pursuant to Executive Order 74 (2001), DPB will transfer to agencies fifty percent of the FY 2002 general fund appropriations listed within Item C-200.

Maintenance reserve for agencies and institutions of higher education – 85 percent policy

The 2000 Appropriation Act requires state agencies and institutions of higher education to expend 85 percent or more of their biennial general fund maintenance reserve appropriations by June 30, 2002. The purpose of this requirement is to more effectively manage the use of funds provided for physical plant maintenance and upkeep. The language, which is found in Item C-200, Paragraph B, of Chapter 1073 (2000), states that:

Any agency or institution of higher education which has not expended or contractually obligated itself in a legally binding manner to expend 85 percent or more of its biennial general fund appropriation for maintenance reserve by June 30, 2002, shall revert to the general fund of the Commonwealth the amount related to the difference between its percentage actually expended or obligated and the 85 percent standard.

At this time, no action is required by the agencies and institutions of higher education for the 2000-02 biennium. The 85 percent requirement will be reviewed and evaluated at the end of the biennium (June 30, 2002) as part of the year end close activities for all affected agencies and institutions of higher education.

Capital project review

All capital outlay projects recorded in CARS as of May 11, 2001, including projects authorized in prior biennia or under § 4-4.01 m of the General Provisions of the Appropriation Act, must be reviewed at the close of the fiscal year to identify unobligated appropriation balances that can be reverted and projects that have been completed and should be closed out. Unexpended balances **will not** be reverted if the capital project meets at least one of the following conditions:

- Construction is in progress;
- Equipment purchases have been authorized by the Governor, but have not been received;

- Plans and specifications have been authorized by the Governor, but have not been completed; or
- Obligations are outstanding at the end of the fiscal year.

The Construction and Professional Services Manual issued by the Department of General Services requires agencies to submit a GS Form, E & B CO-14, Project Completion Report, when a Certificate of Occupancy has been issued by the State Building Official and, in the case of renovation projects where there is no change in use group classification, when the owner has taken beneficial occupancy of the entire project area. DPB will share its list of closed projects with DGS to ensure compliance with the CO-14 submission requirement. *See Appendix F for a copy of DPB Form A and the instructions for completing the form. This form is also available through the DPB website at www.dpb.state.va.us under “Forms and Instructions.”*

1. **Requests for continuation or close out of capital projects.** Agencies must submit the following items for the year-end review of capital projects:

DPB Form A (2001) “Capital Project Review Summary.”

This is a new Access document that agencies must submit electronically for each project that is on the May 11, 2001, CARS ACTR 1408 Report, including maintenance reserve projects. Do not include projects identified for closeout last fiscal year. Due to an anomaly in CARS, projects identified for close out last fiscal year will still appear on the CARS ACTR 1408 reports in the succeeding year with zeroes in all columns. DOA will automatically delete these projects next fiscal year.

Unexpended June 30, 2001, balances will not be reverted if the capital project meets at least one of the conditions stated previously. The unexpended balances for maintenance reserve projects **will not** be reverted.

For projects that have an approved E&B Form CO-8 or that have been granted “proceed authority,” agencies must justify on the DPB Form A any amount requested for reappropriation that is greater than the obligated amount. All unobligated balances that are reverted will be returned to their original fund sources.

2. **Transmittal of Package.** Agencies should submit requests to carry forward project balances to DPB no later than June 15, 2001. The DPB Form A is a Microsoft Access document. The requests should be submitted electronically as an e-mail attachment to the following address:

CapitalBudget@dpb.state.va.us

Please identify the agency code and name in the e-mail address.

- 3. Fiscal Year 2002 Appropriations.** Once year-end close is completed, DPB will bring forward into fiscal year 2002 the current project appropriations in PROBUD as of June 30, 2001. This action will take place approximately August 6, 2001.

Until the capital project appropriations are re-established in CARS, DOA will process expenditures that take place on and after July 1 through overrides of the normal controls. These transactions may default to the CARS error file briefly until the override takes effect. If you have any questions, please contact the DOA error correction personnel by fax at (804) 225-4250 or by submitting an Error Correction Form.

Reestablishing Closed Out Capital Outlay Projects and Restoring Reverted Capital Outlay Project Appropriations

- 1. Authority to Re-establish Closed Project and Restore Funding.** Occasionally, after a project is closed out or an unexpended balance is reverted, an agency may discover that an unpaid obligation or requirement for the project exists. Because of these situations, there is language in the General Provisions of the Appropriation Act authorizing the DPB Director to restore reverted capital project balances and re-establish closed out projects. Section 4-1.06.c.1 authorizes the restoration of reverted capital project balances and § 4-1.06.c.2 authorizes the re-establishment of a closed capital project. **Restoration authorization is limited to reversions that occurred in the current and prior biennia.**

In some instances, there are no unexpended balances in the closed out project to be restored, and funds must come from another source to meet the unpaid obligation. In these situations, the project would be re-established under the authority of § 4-1.06.c.2 of the General Provisions. However, because the project's fund source would be obtained through a transfer of appropriations or through additional nongeneral fund revenue, other sections of the General Provisions must be satisfied as well. Section 4-1.03 authorizes the transfer of appropriations and § 4-1.05.b. authorizes the appropriation of unappropriated nongeneral funds.

- 2. Requests for Re-establishing Closed Capital Outlay Projects and Restoring Project Funding.** The agency must submit a written request to the DPB Director to re-establish a project and restore funding. The request must describe circumstances that led to the need to restore the project and identify the source of money to be restored to the project. The funding sources include reverted balances, transfers, and additional revenue.

APPENDIX A

Summary of FY 2002 Central Appropriation Adjustments and Part 3 Transfers Pursuant to Chapter 1073

The following describes actions provided for in Chapter 1073. In some cases, central account items have been identified as strategies to help close the budget gap pursuant to Executive Order 74 (2001). These situations are noted below.

Central Account Adjustments

Item 541

- **Electrical and Gas Industries Deregulation Savings:** Included in the amounts for Item 541 is \$1.5 million in the second year for natural gas and electric power deregulation savings. The reversion will be based upon usage.
- **Automobile Liability Premium Payment Savings:** Paragraph B continues a premium holiday currently in effect for automobile liability premium payments. The DPB Director is required to capture from agency appropriations excess general fund balances, estimated to be \$1,207,116 statewide.
- **Indemnity Bond Premium Payment Savings:** Paragraph C institutes a premium holiday for performance indemnity bond payments. The DPB Director is required to capture from agency appropriations excess general fund balances, estimated to be \$99,320 statewide.
- **Productivity Savings:** Paragraph A provides for savings due to increased productivity. The amount listed in Paragraph A.2. for productivity savings is a biennial total. Amounts in the approved agency productivity savings plans for FY 2002 will be transferred to a central reversion clearing account.

Item 543

- **Employer Health Insurance Premium Increases:** Paragraph E funds the employer cost of increased health insurance premiums for FY 2001. The following table shows the agency premiums funded in the 2000 Appropriation Act for FY 2002:

| Type of Coverage | FY 2002 Premium |
|------------------------|--------------------|
| Key Advantage | |
| Employee only | \$233 |
| Employee plus one | \$347 |
| Family | \$462 |
| Two employee family | \$560 |
| Cost Alliance | \$464 |
| Other Providers | |
| Employee only | \$233 |
| Employee plus one | \$347 |
| Family | \$462 |
| Two employee family | \$464 |

The employer share of the premium for the “other providers” varies by program. The table shows the **average** employer premium for all of the “other providers.”

The transfer amounts will cover the cost of the premium increases for 24 pay periods in FY 2002.

The agency reimbursement amounts will be computed using actual agency health insurance participation data, as provided by the Department of Human Resource Management. The average number of participants by type will be multiplied by the incremental change in the premium rates for the respective type of coverage. To determine the general fund share of the increase, the FY 2002 Position Level fund split will be used. Institutions of higher education receive 100 percent general fund support for positions in the Educational and General Program. A recovery factor will be applied to institutions of higher education.

Item 547

- **FY 2001 Salary Adjustments:** Paragraph C.1 funds a 3.25 percent salary adjustment for state employees on November 25, 2000, and a similar increase for state supported local employees on December 1, 2000. Funding is included in Chapter 1073 for the 12 month cost of these salary adjustments in FY 2002.

The allocation will be calculated using annualized expenditures. The associated fringe benefit costs will be included in the cost of the salary adjustment. To determine the general fund share of the cost, the Position Level fund split in the 2000 Appropriation Act will be used. For **institutions of higher education**, the cost for all employees of Educational and General programs was funded from the general fund. Also, a recovery factor, based on actual personal service expenditures and recoveries from auxiliary programs, sponsored programs, and other agencies, will be applied.

It should be noted that Paragraph M of Item 547 states that “In the second year, \$8,496,841 in nongeneral funds is provided to offset an equal amount from the general fund for allocation of the first year salary increase provided in this act for classified employees in the Educational and General programs of Virginia's public colleges and universities.” This means that part of the general fund dollars provided for higher education classified salaries in FY 2001 must be recouped in FY 2002 by the use of nongeneral funds in the form of increased tuition and fees from out-of-state and graduate students.

Included in the amounts for salary adjustments in Paragraph C.1 is a reduction for a decrease in the retiree health credit rate. The amounts for retiree health credit payments in the base budgets of each agency and institution assumed a contribution rate of 1.57 percent that fully pre-funded the retiree health credit. Rather than increasing the retiree health credit rate to 1.57 percent at one time, the pre-funding will be phased in over five years. Therefore, the retiree health credit rate for FY 2002 will be 1.21 percent rather than 1.57 percent. The result is a reduction of 0.36 percent of full-time payroll from agency base budgets in FY 2002.

- **Job Class Regrades:** In addition to the statewide salary adjustment actions previously mentioned, the Appropriation Act also includes a job class regrade for state police dispatchers beginning in FY 2001. This item includes the full year cost of the job class regrade in FY 2002.

Funds for job class regrades will be unallotted until an implementation plan is submitted to DPB outlining how the regrade will be administered and justifying the need for the dollar amounts provided. The implementation plan should be submitted to the DPB Director no later than September 1, 2001.

- **Virginia Sickness and Disability Long Term Care Coverage:** Paragraph N of Item 547 includes the provision for long term care payments for participants in the Virginia Sickness and Disability program. No distribution will be made for this purpose as the funding for this item has been captured per Executive Order 74 (2001).
- **Retirement contribution rate reduction:** Item 566 of the Appropriation Act requires VRS to perform annual valuations of retirement rates as opposed to the current biennial valuations. As a result of this new valuation method, the funded retirement rates will be reduced in FY 2002 from 11.35 percent funded in the base to 9.24 percent, the percentage certified by the Virginia Retirement System Board of Trustees last December. Therefore, there will be a reduction equivalent to 2.11 percent of full-time payroll participating in VRS.

In summary, the following FY 2002 actions in Item 547 affect agencies statewide:

1. Continuation cost for the 3.25 percent salary increase on November 25, 2000, for state employees.
2. Continuation cost for the 3.25 percent salary increase on December 1, 2000, for state supported local employees.
3. 0.36 percent reduction in full-time payroll for state employees due to a lower than anticipated retiree health credit rate.

4. 2.13 percent reduction in full-time payroll for state employees in VRS for reduced retirement contribution rates.

Item 549

- **Deferred Compensation Match:** This item provides funds to match the contributions of qualified participating employees consistent with Chapter 984 (1999). Paragraph A.1. of Item 549 sets the maximum match amount for each employee that participates in the deferred compensation program at \$20 per pay period or \$40 per month beginning with the first pay period in FY 2001. Funding will be provided for 24 pay periods in FY 2002. To determine the general fund share of the cost for all agencies, **including institutions of higher education**, the general fund payments for the match recorded in CARS will be used.

Part 3 Nongeneral Fund Cash Transfers

- **IHRIS Development Costs:** Section 3-1.01 N requires the State Comptroller to recover from nongeneral fund agencies and deposit to the general fund approximately \$997,200 in FY 2002. This represents the nongeneral fund cost for the development of the Integrated Human Resource Information System (IHRIS). The General Assembly did not exempt any nongeneral fund sources from this transfer. Institutions of higher education not on the state's centralized payroll system, however, are excluded.

Agency allocations are based upon the agency's pro rata use of the state centralized payroll processing system. The FY 2001 agency funding ratios were used to compute the total number of nongeneral fund employees (full- and part-time) for each agency. The agency's proportionate share of the statewide total was then multiplied by \$997,200.

- **Automobile Liability Premium Payment Savings:** Section 3-1.01 V requires the State Comptroller to recover from nongeneral fund agencies and deposit to the general fund approximately \$34,923 in FY 2002, which represents the nongeneral fund savings from the suspension of automobile liability payments for the biennium. Funds from the Virginia Retirement System, federal sources, and transportation funds are exempted from this transfer. (Item 541, Paragraph B, captures general fund savings associated with this premium holiday.)
- **Indemnity Bond Premium Payment Savings:** Section 3-1.01 W requires the State Comptroller to transfer to the general fund an amount estimated at \$15,678 in FY 2002, which represents the nongeneral fund savings from the suspension of performance indemnity bond premiums for the biennium. Funds from the Virginia Retirement System, federal sources, and transportation funds are exempted from this transfer. (Item 541, Paragraph C, captures general fund savings associated with this premium holiday.)
- **Repayment of \$10 Million Authorized Deficit Loan for Y2K:** Section 3-1.01 X requires the State Comptroller to transfer to the general fund from affected state agencies an amount estimated at \$1,032,800 in FY 2002, representing the nongeneral fund share of the cost of Y2K verification and system modifications performed by the Department of Technology Planning. The Departments

of Planning and Budget and Technology Planning will develop a plan and transfer schedule prior to any transfer actions.

**Summary of FY 2002 Central Account Actions
General Fund
Per Chapter 1073**

| Item | Description | FY 2002 Funding Total |
|------------|---|--------------------------|
| 540 | Virginia Plan for Equal Opportunity (various higher education institutions) | \$3,838,715 |
| | Total, Financial Assistance (Item 540) | \$3,838,715 |

| | | |
|------------|---|-----------------------|
| 541 | Productivity savings | (\$91,728,481) |
| | Deregulation of natural gas & electric utilities | (\$1,500,000) |
| | Indemnity bonds premium holiday | (\$99,320) |
| | Automobile liability premium holiday | (\$1,207,116) |
| | Total, Reversion Clearing Account (Item 541) | (\$94,534,917) |

| | | |
|------------|--|-----------------|
| 542 | Legal defense (various agencies) | \$50,000 |
| | Total, Legal Defense (Item 542) | \$50,000 |

| | | |
|------------|---|---------------------|
| 543 | Employer premium contribution changes | \$14,353,835 |
| | Total, Medical/Hospitalization Benefits (Item 543) | \$14,353,835 |

| | | |
|------------|---|----------------------|
| 546 | Car tax relief | \$855,404,025 |
| | Total, Financial Assistance (Item 546) | \$855,404,025 |

| | | |
|------------|---|-----------------------|
| 547 | 3.25 % salary adjustment – state employees | \$60,900,286 |
| | Less savings for Retiree Health Credit Phase-In (1.12% in FY 2001 and 1.21% in FY 2002) | (\$8,222,261) |
| | 3.25% salary adjustment – local employees | \$21,113,653 |
| | Compensation Reform | \$800,790 |
| | Four step increase for state police dispatchers | \$330,985 |
| | Reduction in retirement contributions based on annual valuation | (\$27,977,674) |
| | GF offset to classified salary increase due to out-of state & graduate student tuition increase | (\$8,496,841) |
| | Provide long-term care program for employees covered by Sickness & Disability Program | \$1,800,000 |
| | Turnover & vacancy savings – Department of Corrections | (\$3,056,068) |
| | Turnover & vacancy savings – Department of Juvenile Justice | (\$1,461,860) |

| Item | Description | FY 2002 Funding Total |
|------|---|--------------------------|
| | Total, Compensation Supplements (Item 547) | \$35,731,010 |

| | | |
|------------|---|---------------------|
| 548 | Commonwealth Technology Research Fund | \$13,000,000 |
| | Commonwealth Health Research Fund | \$2,500,000 |
| | Workforce training access fund | \$250,000 |
| | Visitors technology program | \$1,500,000 |
| | Governor's Economic Development Grant Fund | \$1,000,000 |
| | | |
| | Total, Economic Contingency (Item 548) | \$18,250,000 |

| | | |
|------------|---|---------------------|
| 549 | Deferred compensation match - up to \$20 per pay period | \$14,140,628 |
| | Total, Deferred Compensation (Item 549) | \$14,140,628 |

Grand Total **\$847,233,296**

Summary of FY 2002 Part Three Actions Impacting Multiple State Agencies

| Paragraph (Section 3-1.01) | Description | Total |
|----------------------------------|---|--------------------|
| N. | NGF share of IHRIS developmental costs | \$997,200 |
| V. | NGF share of automobile liability premium savings | \$34,923 |
| W. | NGF share of performance indemnity bond premium savings | \$15,678 |
| X. | NGF share of Y2K verification & system modifications | \$1,032,800 |

APPENDIX B
2000 APPROPRIATION ACT
APPROPRIATIONS NOT TO BE ALLOTTED
JULY 1, 2001

The 2000 Appropriation Act contains certain appropriations that are not to be initially allotted and available for expenditure on July 1, 2001, for the following reasons:

1. Some type of prior approval by the Governor or other designated person is required.
2. There is a match requirement.
3. The appropriation is not expended in the agency to which it is made, but is transferred to other agencies for expenditure. An example is the central regrade appropriation, Item 547.

Attached is a list of such appropriations. These amounts will be established as unallotted in PROBUD and CARS on July 1, 2001, and will not be available for expenditure. If expenditure is conditioned upon a prior approval action or a match requirement, these criteria must be satisfied before the appropriation can be allotted.

2000 APPROPRIATION ACT

FY 2002 APPROPRIATIONS NOT TO BE ALLOTTED ON JULY 1, 2001

*General Fund Unless Otherwise Indicated
Operating Expense Appropriations Only*

| <i>Item</i> | <i>Agency Code and Agency</i> | <i>Amount</i> | <i>Program</i> | <i>Description</i> |
|-------------------------|--|--|----------------|---|
| 64 Par. C.1 | 157 Compensation Board | \$377,010 | 356 | Unbudgeted medical expenses in local correctional facilities |
| 103 Par. E. | 325 Department of Business Assistance | \$100,000 | 534 | Local match for small business development center |
| 106 Par. A | 165 Department of Housing and Community Development | \$2,459,000 GF \$180,000 (09) \$3,000,000 (10) | 458 | Local or private match for amounts allocated for emergency shelters |
| 125, Par. B. | 182 Virginia Employment Commission | \$2,390,000 NGF (07) | 462 | Allotment conditioned on submission of satisfactory information as determined by the Department of Technology Planning. |
| 161, Pars. B. and E. | 245 State Council of Higher Education | \$7,971,960 | 110 | Appropriations (Eminent Scholars and Virginia Graduate and Undergraduate Assistance Program) for transfer to institutions subject to Secretary of Education approval. |
| 165 Par. C. | 242 Christopher Newport University | \$145,988 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 166 | 242 Christopher Newport University | \$1,888,697 | 108 | Approval of plan by SCHEV* |
| 169, Par. F. | 204 College of William and Mary | \$380,268 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 170 | 204 College of William and Mary | \$1,993,631 | 108 | Approval of plan by SCHEV* |
| 173 Par. B. | 241 Richard Bland College | \$41,278 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 174 | 241 Richard Bland College | \$ 192,816 | 108 | Approval of plan by SCHEV* |
| 179, Par. A. | 247 George Mason University | \$289,614 GF \$124,120 NGF(03) | 100 | Plan for graduate engineering education to be approved by SCHEV. |
| 179, Par. F. | 247 George Mason University | \$774,870 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 180 | 247 George Mason University | \$5,849,919 | 108 | Approval of plan by SCHEV* |
| 183 Par. B. | 216 James Madison University | \$1,036,000 NGF(03) | 100 | Plan to be documented to Director, DPB |

*Pursuant to §4-5.01 b.1.a), Chapter 1073 (2000)

| <i>Item</i> | <i>Agency Code and Agency</i> | <i>Amount</i> | <i>Program</i> | <i>Description</i> |
|-----------------|--|--------------------------------------|----------------|---|
| 184 | 216 James Madison University | \$3,590,859 | 108 | Approval of plan by SCHEV* |
| 187, Par. B. | 214 Longwood College | \$29,050 GF \$12,450 NGF(03) | 100 | Plan for graduate engineering education to be approved by SCHEV. |
| 187 Par. E. | 214 Longwood College | \$148,245 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 188 | 214 Longwood College | \$1,788,666 | 108 | Approval of plan by SCHEV* |
| 191, Par. A. | 215 Mary Washington College | \$80,483 GF \$36,130 NGF(03) | 100 | Plan for graduate engineering education to be approved by SCHEV. |
| 191, Par. C. | 215 Mary Washington College | \$130,719 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 192 | 215 Mary Washington College | \$852,681 | 108 | Approval of plan by SCHEV* |
| 197, Par. A. | 213 Norfolk State University | \$2,545,219 | 100 | Approval of plan for special enhancements by Secretary of Education |
| 197, Par. B. | 213 Norfolk State University | \$70,000 | 100 | Match requirement for Dozoretz Institute. |
| 197, Par. F. | 213 Norfolk State University | \$213,780 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 198 | 213 Norfolk State University | \$3,472,322 | 108 | Approval of plan by SCHEV* |
| 201, Par. B. | 221 Old Dominion University | \$431,013 GF \$198,244 NGF(03) | 100 | Plan for graduate engineering education to be approved by SCHEV. |
| 201, Par. M. | 221 Old Dominion University | \$600,993 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 202 | 221 Old Dominion University | \$6,510,743 | 108 | Approval of plan by SCHEV* |
| 205, Par. B. | 217 Radford University | \$386,118 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 206 | 217 Radford University | \$2,790,127 | 108 | Approval of plan by SCHEV* |
| 210, Par. C. | 207 University of Virginia | \$906,083 GF \$460,398 NGF(03) | 100 | Plan for graduate engineering education to be approved by SCHEV. |
| 210, Par. L. | 207 University of Virginia | \$995,440 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 211 | 207 University of Virginia | \$12,598,033 | 108 | Approval of plan by SCHEV* |
| 218, Par. B. | 246 University of Virginia's College at Wise | \$99,369 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 219 | 246 University of Virginia's College at Wise | \$676,200 | 108 | Approval of plan by SCHEV* |
| 222, Par. E. | 236 Virginia Commonwealth University | \$388,468 GF \$168,533 NGF(03) | 100 | Plan for graduate engineering education to be approved by SCHEV. |

*Pursuant to §4-5.01 b.2 a), Chapter 1073 (2000)

| <i>Item</i> | <i>Agency Code and Agency</i> | <i>Amount</i> | <i>Program</i> | <i>Description</i> |
|--------------------|--|--------------------------------------|----------------|---|
| 222, Par. P . | 236 Virginia Commonwealth University | \$774,512 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 223 | 236 Virginia Commonwealth University | \$8,183,960 | 108 | Approval of plan by SCHEV* |
| 227, Par. B. 2. | 260 Virginia Community College System | \$350,000 | 100 | Match for A.L. Philpott manufacturer's assistance program. |
| 227, Par. L. | 260 Virginia Community College System | \$600,000 | 100 | Match for work force training centers |
| 227, Par. O. | 260 Virginia Community College System | \$3,600,000 | 100 | Plan to be documented to Director, DPB |
| 228 | 260 Virginia Community College System | \$9,728,869 | 108 | Approval of plan by SCHEV* |
| 234, Par. B . | 211 Virginia Military Institute | \$95,700 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 235 | 211 Virginia Military Institute | \$519,851GF \$200,000 NGF(03) | 108 | Approval of plan by SCHEV* |
| 237, Par. C. | 211 Virginia Military Institute | \$1,567,300 | 113 | Certification required for number of cadets at Mary Baldwin College and Virginia Tech |
| 239, Par. A. | 208 Virginia Polytechnic Institute and State University | \$869,882 GF \$436,357 NGF(03) | 100 | Plan for graduate engineering education to be approved by SCHEV . |
| 239, Par J. | 208 Virginia Polytechnic Institute and State University | \$1,089,666 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 240 | 208 Virginia Polytechnic Institute and State University | \$8,051,606 | 108 | Approval of plan by SCHEV* |
| 244, Par. A.1 | 212 Virginia State University | \$3,022,381 | 100 | Approval of plan for special enhancements by Secretary of Education. |
| 244, Par. E. | 212 Virginia State University | \$125,005 NGF(03) | 100 | Plan to be documented to Director, DPB |
| 245 | 212 Virginia State University | \$ 2,236,980 | 108 | Approval of plan by SCHEV* |
| 252, Par. 1 | 425 Jamestown-Yorktown Foundation | \$499,340 GF \$23,565 NGF (02) | 502 | Pursuant to plan required by Par. 3. |

* Pursuant to §4-5.01 b.1.a), Chapter 1073 (2000)

| <i>Item</i> | <i>Agency Code and Agency</i> | <i>Amount</i> | <i>Program</i> | <i>Description</i> |
|----------------------------|--|--------------------------|----------------|---|
| 261, Par. F. | 274 Medical College of Hampton Roads | \$6,158,108 | 110 | Approval of plan by Department of Medical Assistance Services |
| 476, Par.B.1 | 777 Department of Juvenile Justice | \$1,339,600 | 350 | 33% match by City of Richmond required |
| 502 Par. C | 137 Department of Information Technology | \$500,000 | 711 | Match for geographic information base maps |
| 502 Par. E.1 and E.2 | 137 Department of Information Technology | \$300,000 | 711 | Approval of program to address universal access at the community level. |
| 506 | 186 Secretary of Transportation | \$7,000,000 NGF(07) | 719 | Private matching funds required for magnetic levitation. |
| 518, Par.H.1. | 505 Department of Rail and Public Transportation | \$6,700,000 NGF (04) | 609 | Approval of local governing bodies required. |
| 540 | 995 Central Appropriations | \$3,838,715 GF | 110 | Higher education OCR appropriations and increased tuition |
| 542 | 995 Central Appropriations | \$50,000 | 327 | Legal defense |
| 543 | 995 Central Appropriations | \$14,353,835 | 704 | Supplement for increase in employer share of health insurance premiums |
| 543 | 995 Central Appropriations | \$65,000,000 NGF (06) | 704 | Local Option Health Benefits program |
| 546 | 995 Central Appropriations | \$855,404,025 | 746 | Car tax relief |
| 547 | 995 Central Appropriations | \$44,227,851GF | 757 | Central appropriation for compensation supplements |
| 548 | 995 Central Appropriations | \$31,250,000 | 758 | Economic contingency fund |
| 549 | 995 Central Appropriations | \$14,140,628 | 759 | Match for employee deferred compensation program |

*Pursuant to § 4-5.01 b.1.a), Chapter 1073 (2000)

APPENDIX C

Convenience Subsubject Codes

The following convenience subsubject codes may appear in your July 1, 2001, appropriations data in PROBUD and CARS. Remove these codes no later than October 1, 2001, by distributing the amounts to valid expenditure subsubject codes. It is not necessary; however, to clear out the xx95 codes. **Convenience codes cannot be used for expenditure documents.**

For definitions of these convenience codes, refer to the complete list of subsubject codes in effect for FY 2002 that is available through the Internet on DPB's web site at "www.dpb.state.va.us."

| | |
|----------------|--|
| 1185 | FTE, Undistributed Legislative Appropriation |
| 5100 | Undistributed Savings Amounts |
| 6100 | Undistributed Biennial Budget Amounts |
| 8600 | Undistributed Legislative Appropriation |
| 8900 | PROBUD Redistribution Code |
| Fund Code 1200 | FTE, Undistributed Legislative Amount |
| 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 obligations |

Appendix D
Restored Capital Outlay Projects with Second Year Appropriations,
by Agency

| Agency Code | Agency Title | Project Number | Project Title | Amount Restored |
|-------------|--|----------------|--|-----------------|
| 203 | Woodrow Wilson Rehabilitation Center | 16371 | Asbestos Abatement, Phase 2 of 4 | \$850,000 |
| 702 | Department for the Blind and Vision Impaired | 16370 | Asbestos Abatement | \$516,000 |
| 720 | Department of Mental Health, Mental Retardation and Substance Abuse Services | 16374 | Life Safety Code Renovations | \$1,500,000 |
| 720 | Department of Mental Health, Mental Retardation and Substance Abuse Services | 16372 | Asbestos and Environmental Hazard Abatement | \$1,000,000 |
| 799 | Department of Corrections | 16426 | Install Fire Safety Systems and Exits: Multiple Institutions | \$584,000 |
| 799 | Department of Corrections | 16429 | Construct Wastewater Treatment Plant at VCCW | \$907,500 |

APPENDIX E

Request to Use Recovery Subobject Codes



REQUEST TO USE RECOVERY SUBOBJECT CODES

Agency Name: _____ Agency Code: _____
 Program Name: _____ Program Code: _____
 Requested Recovery Subobject Code Number(s): _____ Fiscal Year: _____
 Person Completing form: _____ Phone # _____
 E-mail address: _____

PURPOSE OF RECOVERY:

Check how the recovery codes are used

- Refunds made by vendors or parties outside of state government.
- Transfer expenses between funds.
- Process reimbursable federal grants.
- Other (describe)

DESCRIPTION AND EXPLANATION

ALTERNATIVE TO USING THE CODE:

DPB ACTION

Approved Denied

Signature: _____ Date: _____

(See instructions on reverse)

**Instructions for Completing
DPB Form OC-1
Request to Use Recovery Subobject Codes xx98 and xx99**

1. Complete one copy of this form for each unique recovery occurring within a budgeted program for which you have not received approval since the start of the 2000-02 biennium from DPB to use. (Appendix G provides a list of all approved recovery codes.) For example, if an agency uses recovery codes for two unique purposes within a program, two forms should be completed. Examples of unique recoveries include payment for services rendered to a party outside state government, federal fund recoveries, or other nongeneral fund recoveries.
2. The form may list more than one recovery subobject, provided it is used for the unique purpose discussed on the form. For example, the activity may require use of 1199, 1299, and 1399.
3. Requests must be submitted to DPB by June 8, 2001, for action by July 1, 2001. Any requests after June 8 will be processed within 30 days.

Purpose of Recovery

Check the appropriate box on the form to show the proposed purpose of the recovery.

Description and Explanation

Describe how the recovery code will be used and explain why it is needed. What is the unique situation requiring the recovery code? Be sure to address how the proposed usage is consistent with DPB and DOA guidelines entitled [“Procedures for Identifying and Accounting for Transactions Between State Agencies and Institutions” dated May 20, 1998.](#)

Alternative to Using the Code

What accounting or budgeting method would the agency need to implement if use of the recovery code is not approved? Why is the alternative not a viable option?

DPB Action

This section is for DPB use only.

This form is available on DPB's home page.

Authorized Recovery Codes for the 2000-2002 Biennium

| Agy Code | Agency Title | Program | 1198 | 1199 | 1298 | 1299 | 1398 | 1399 | 1498 | 1499 | 1598 | 1599 | 2198 | 2199 | 2298 | 2299 | 2399 | 3199 |
|----------|---|-----------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 138 | Department of Information Technology | 820, 822 | | | | X | | | | | | | | | | | | |
| 140 | Department of Criminal Justice Services | 303, 305, 319 | X | X | X | X | X | X | X | X | X | X | | | X | X | | |
| 141 | Office of the Attorney General | 320, 552 | | X | | | | | | | | | | | | | | |
| 146 | Science Museum of Virginia | 145 | | X | | | | | | | | | | | | | | |
| 156 | Department of State Police | 302, 304 | | | | X | | | | | | | | | | | | |
| 165 | Department of Housing & Community Development | 533, 562 | | | X | X | | | | | | | | | | | | |
| 171 | State Corporation Commission | 552, 553, 556, 563, 579, 601, 734 | | X | | X | | X | | | | X | | | | X | | |
| 194 | Department of General Services | 726, 727, 730, 741, 749 | X | X | X | X | X | X | | | X | | | | | | | |
| 202 | Library of Virginia | 137, 142, 149 | X | X | | X | | X | | | | | | X | | | | |
| 204 | College of William and Mary | 100-107, 809 | | X | | X | | X | | X | | X | | X | | X | X | X |
| 207 | University of Virginia | 100-107, 110, 809 | | X | | X | | X | | X | | X | | | | X | | |
| 208 | Virginia Polytechnic Institute & State University | 100-107, 110, 809 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | | |

| Agy Code | Agency Title | Program | 1198 | 1199 | 1298 | 1299 | 1398 | 1399 | 1498 | 1499 | 1598 | 1599 | 2198 | 2199 | 2298 | 2299 | 2399 | 3199 |
|----------|---|-------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 211 | Virginia Military Institute | 100-107, 809 | | X | | X | | X | | X | | X | | X | | X | X | |
| 212 | Virginia State University | 100-107, 110, 809 | | X | | X | | X | | X | | X | | | | X | | |
| 213 | Norfolk State University | 100-107 | | X | | X | | X | | | | X | | | | | | |
| 214 | Longwood College | 100-107, 110, 809 | | X | | X | | X | | | | | | | | | | |
| 215 | Mary Washington College | 100-107, 809 | | X | | X | | X | | X | | X | | X | | | | |
| 216 | James Madison University | 100-107, 809 | | X | | X | | X | | X | | X | | | | X | | X |
| 217 | Radford University | 100-107, 809 | | X | | X | | X | | | | X | | | | | | |
| 218 | Virginia School for the Deaf and the Blind in Staunton | 199 | | X | | X | | X | | | | X | | | | X | | |
| 219 | Virginia School for the Deaf, Blind and Multi-Disabled in Hampton | 199 | X | X | X | X | X | X | X | X | X | X | | | X | X | | |
| 221 | Old Dominion University | 100-107, 110, 809 | | X | | X | | X | | | | X | | | | | | |
| 229 | VPISU Cooperative Extension | 100-107 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | | |
| 236 | Virginia Commonwealth University | 100-107, 110, 809 | X | X | X | X | X | X | X | X | | X | | | X | X | | |
| 238 | Virginia Museum of Fine Arts | 145 | | X | | X | | X | | | | X | | | | X | | |
| 241 | Richard Bland College | 100-107 | | X | | | | | | | | | | | | | | |

| Agy Code | Agency Title | Program | 1198 | 1199 | 1298 | 1299 | 1398 | 1399 | 1498 | 1499 | 1598 | 1599 | 2198 | 2199 | 2298 | 2299 | 2399 | 3199 |
|----------|--|------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 242 | Christopher Newport University | 100-107, 809 | | X | | X | | X | | X | | X | | X | | X | X | |
| 246 | University of Virginia's College at Wise | 100-107, 809 | | X | | X | | X | | X | | X | | | | X | | |
| 247 | George Mason University | 100-107, 809 | | X | | X | | X | | | | X | | | | | | |
| 260 | Virginia Community College System | 100-107 | X | | X | X | X | X | | | | X | | | | X | | |
| 268 | Virginia Institute of Marine Science | 100-107 | X | X | X | X | X | X | | | | | | | X | X | | |
| 325 | Department of Business Assistance | 534 | | | X | | | | | | | | | | | | | |
| 423 | Department of Historic Resources | 502, 519 | X | | | | | | | | | | | | | | | |
| 440 | Department of Environmental Quality | 514, 519, All | | X | X | X | | | | | | X | | | | | | |
| 501 | Virginia Department of Transportation | All | | X | | X | | X | | X | | X | | X | | X | | X |
| 601 | Virginia Department of Health | 405, 406, 420, 430, 440, 449 | X | X | X | X | X | X | X | X | X | X | | | X | X | | |
| 602 | Department of Medical Assistance Services | 456, 479 | | | | X | | | | | | | | | | | | |
| 720 | Department of Mental Health, Mental Retardation and Substance Abuse Services | 449 | X | X | | | | | | | | | | | | | | |

APPENDIX F

Instructions for Completing DPB Form A (2001) Capital Project Review Summary

DPB Form A is in an Access database. The form has not been reproduced in this memorandum. Please refer to the following instructions for completing the form which can be found at the DPB website (www.dpb.state.va.us) under "Forms and Instructions".

Section 4-5.05.d.2. of Chapter 1073 requires the Director, Department of Planning and Budget, and the Director, Department of General Services, to develop performance measures for capital projects effective July 1, 2001. To simplify the collection of performance measurement information, the DPB Form A has been expanded and converted to a Microsoft Access document.

1. Complete this form for each project reported on the CARS ACTR 1408 Option A2, for May 11, 2001. This includes active projects, completed projects, and projects on the frozen list per Executive Order Number Seventy-Four (01), dated February 24, 2001. This does not include projects on the CARS ACTR 1408 that were reported as completed the previous year and have no appropriation balances.
2. This form must be completed for projects that meet any one of the following criteria: a) are funded in an Appropriation Act, b) are funded by revenue bonds, or c) are authorized by the Governor pursuant to § 4-4.01.m of Chapter 1073 (2000 Appropriation Act).
3. For any project not approved for carryforward, DPB will close out the project and remove its appropriation from PROBUD and CARS as of June 30, 2001. If you do not submit a DPB Form A for a project, DPB will assume the project has been completed and will close it out.
4. Do not submit a separate Access file for each project. Enter all of your agency project information in one file. Please note that you may view the report for all projects in an agency or for the current project selected in the database simply by going to the "Reports..." menu in the toolbar. In addition, you can add a new record, navigate through the database, or delete a project record using buttons on the toolbar. . Send the completed Access database electronically to CapitalBudget@dpb.state.va.us.

The section by section instructions for the Access form are as follows:

General Information

Complete this section by entering the agency's name and its three-digit code and by entering the project title and project code. The "Project Type" block contains a drop-down menu. Please select the choice that best describes the project. In some cases, more than one choice may apply to a project. Again, choose the description that best fits your project. If the project is an "umbrella" project, then identify it as such and do not complete the "Status of Project" section.

Three other blocks must also be completed. In the "Carryforward Request Type" block, which contains a drop-down menu, please select the appropriate type of carry forward request for the project in question. The choices include: "A. Active, Carryforward All Balances"; "B. Active, Partial Reversion"; "C. Project Complete"; and "D. Delayed Project." For clarification, "D" should only be chosen if the project in question has been delayed pursuant to Executive Order

Seventy-four (01), dated February 24, 2001. In addition, if “C” is chosen, then only the General Information section of this form must be completed.

In the “Date Funding Made Available” block, please enter the date on which funds were first made available for this project (i.e., the initial authorization date of the project’s funding.) For projects authorized by an appropriation act for either the first or second year of a biennium, this date should normally be July 1. If the project was authorized administratively as an “m” project or through Central Accounts, the date should be the date on which the decision brief for that action was approved. For all entries, please enter the date as month, day, year.

In the “Estimated Completion Date” block, please enter the date on which the agency believes this project will be completed. This date should be entered as month, day, year. If the project in question has been delayed pursuant to Executive Order Seventy-four (01), dated February 24, 2001, assume this delay will end July 1, 2002. If the project is complete, then enter the date on which a Form CO-13.1 or Form CO-13.3 was approved.

Basis for Carryforward

Please check all of the conditions that apply to the project.

Status of Project

Note: This section should not be completed for umbrella projects or maintenance reserve projects.

If any of the capital outlay forms shown in this section have been approved for your project, check the appropriate box. In addition, please enter the date on which that initial approval was granted and the date on which approval was granted for the latest revision of that form. Dates should be entered as month, day, year. In addition, please enter the project’s total square footage as recorded on the latest revision of any form approved for the project. If the square footage was not recorded on a particular form, then leave that field blank. If a particular form has not been approved for the project, then do not check the box for that form or enter any dates for that form. If no capital outlay form has been approved for the project, then leave this entire section blank.

Project Budget Status

Please complete this section for all projects except maintenance reserve projects.

Original Project Budget. The amounts entered in this column should equal those listed in the project budget shown on the original CO-2 approved for the project.

Current Project Budget. The amounts entered in this column should equal those listed in the project budget shown on the most recently approved capital outlay form. If the project has been frozen and is pending appeal, place a note to that effect in the “Justification” block at the bottom of the form. This note should state that an appeal is pending.

Project Commitments. The amounts entered in this column should equal the amounts shown in the project’s contract documents (i.e., CO-3 for A&E services, CO-9 for construction, or other contractual documents for testing and inspection services) and reflect the project’s status as of May 11, 2001. Please note the following guidelines for contingencies: (1) the contingency amount should be equal to the larger of the total construction change orders or two percent of the construction contract for standalone construction projects and improvements projects in excess of \$1 million, or (2) five percent for improvement projects less than \$1 million.

Project Expenditures. This amount should equal the total value of all vouchers that have been processed in CARS during this fiscal year (through May 11, 2001) **plus** expenditures from prior fiscal years. In other words, this column should reflect **lifetime-to-date** expenditures for the project.

Carryforward Request. In this column, enter the total carryforward request for each type of activity shown.

Additional Information. New blocks have been added to this section of the form for the agency to identify the amount to be reverted and the total number and value of change orders for the project. For any reversions, the agency should identify the amount and fund detail of the reversion. Four fields have been provided to record general fund reversions and any nongeneral fund reversions. In addition, agencies are required to report the total

value of any general fund or nongeneral fund financed change orders and the total number of change orders processed for the project. If no change orders have been processed, then do not enter anything in these fields.

Justification

Provide a statement justifying any carryforward request in excess of the difference between Project Commitments less Project Expenditures. In addition, identify any delayed project for which an appeal is pending. In addition, please complete the other blocks that have been added to capture the identity of the person completing this form.

APPENDIX G

EMPLOYER FRINGE BENEFIT RATES FOR FY 2002

| Subobject | Factor | Employer Costs |
|-----------|--|---|
| 1111 | VRS contributions State employees Judges State Police VaLORS | 9.24 percent of payroll 50.00 percent of payroll 30.00 percent of payroll 21.15 percent of payroll |
| 1112 | Social Security | 6.20 percent of payroll, capped at \$80,400 |
| 1112 | Medicare | 1.45 percent of payroll |
| 1114 | Group life insurance premium | 0.80 percent of payroll |
| 1115 | Health insurance premiums ¹ Key advantage Employee only Employee plus one Family Two employee family Cost Alliance HMO | \$2,796 a year \$4,164 a year \$5,544 a year \$6,720 a year \$5,568 a year Varies by product |
| 1116 | Retiree Health insurance credit premium ¹ | 1.21 percent of payroll |
| 1117 | Long-term disability insurance State employees State Police VaLORS | 0.83 percent of payroll 1.10 percent of payroll 1.10 percent of payroll |
| 1118 | Teachers Insurance and Annuity ² | 10.4 percent of payroll |
| 1119 | Defined Contribution Plan ³ | 10.4 percent of payroll |
| 1138 | Deferred Compensation Match Payments | One-half of employee's contribution per pay period, per participant up to a maximum of \$20 |

¹Due to lag pay, the first pay period in FY 2001 will use FY 2000 rates. The listed rates will therefore be effective for only 23 pay periods during FY 2002.

²For 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.

³Used for employees eligible for a defined contribution plan established pursuant to § 51.1-126.5 of the Code of Virginia.