2011 and 2012 Operating Plan

INTRODUCTION

This package of instructions is the first your agency will receive related to the preparation of amendments to the FY 2011 and FY 2012 budget. It provides guidance and instructions that will help facilitate the first steps in the development of your base budget. These submissions are due to your DPB budget analyst by **5 PM, Wednesday, August 11, 2010**.

Please note: Over the next month or so, we will transition to the new performance budgeting system. This new system will have the capacity for a greater level of detail and we anticipate requesting a greater level of detail in the near future.

This submission is similar to last year and involves the following which will be discussed in more detail throughout these instructions:

- The development of your FY 2011 and FY 2012 operating plans will consist of the submission of an Excel template to array your service areas and subobjects by fund detail. This array will also: a) clear out convenience subobject codes; and b) get further detail on budgeted amounts for selected nonpersonal services subobject codes (identified on pages 5-7).

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

For institutions of higher education, please update your operating plan to reflect FY 2010 – 2012 biennium amounts as shown in Chapter 874. At this time no changes should be made to alter the program/service area distributions within the Educational and General program.

OPERATING PLAN DEVELOPMENT

Your 2010- 2012 operating plan will be submitted using an Excel template provided by your DPB budget analyst. This submission will show your budget at a greater level of detail than is normally captured in the central budget system. Specifically, in this template, you must array your total appropriation for FY 2011 and FY 2012, as shown in Chapter 874, by subobject/fund detail. Each line item of entry will include program, service area, fund detail, subobject, dollar amount, and/or positions. If, for example, you have a subobject that impacts more than one fund within a given service area, you must list that subobject more than once. You must list that subobject separately for each fund detail impacted each year. The agency fund group totals in your FY 2011 - FY 2012 operating plan submission must equal the agency totals by fund group included in Chapter 874, the 2010 Appropriation Act.

The following general instructions apply to the FY 2011 - FY 2012 operating plan template submission:

- Complete a separate file for each agency. Rename the file to include the agency code in the name. (Example: the file for agency 122 should be "122-2011OperatingPlan.xls".)

- Your fund detail totals for dollars **must** come back to the Chapter 874 program/fund detail totals and service area totals. Positions must match the general fund/nongeneral fund split in Chapter 874. Balancing validation has been provided on your Excel template.

- This template should be completed and submitted to your DPB budget analyst by **5 PM, Wednesday, August 11, 2010.**

Column By Column Instructions:

- **Column A:** Fill-in your three digit agency code for each line of entry.
- **Column B:** Enter a five-digit program-service area code including a three digit program code and a two digit service area. For Educational and General programs you should not use program "100", but the actual program number (101 though 107) for the three-digit program portion.
- **Column C:** Enter the three or four-digit fund detail number. This should be a number without any leading zeroes. For example, fund "0202" should be entered as "202". If a code is entered with as text with a leading zero, the fund group subtotaling at the bottom of the template will not work correctly.
- **Column D:** Enter the four-digit subobject code. Do not use convenience subobjects other than those listed in these instructions.
- **Column E:** Enter whole dollar amounts for FY 2011. Do not use cents.
- **Column F:** Enter whole dollar amounts for FY 2012. Do not use cents.
- **Column G:** Enter positions for FY 2011 to the second decimal place if applicable.
- **Column H:** Enter positions for FY 2012 to the second decimal place if applicable.
- **Inserting Rows:** To insert one or more new rows, do the following: within the body of the pre-defined table (everything between the column headers and the total row) highlight the number of rows you would like to insert by clicking on the row selectors on the right (the boxes with the row numbers). To select more than one concurrent row, hold down the "shift" key when making your row selections. **Once you have one or more rows selected, right-click, select "copy", and select "insert copied cells."**
Note: You must use this method for inserting rows, otherwise predetermined formulas for validation will be lost.

- **Checking Agency Totals:** At the bottom of the template, a series of predefined totals have been created to show the totals in the submission by fund group for dollars and positions. These totals will enable you to balance your submission to the fund group totals in Chapter 874 for dollars and the general fund-nongeneral fund split for positions.

- **Checking Agency Appropriations:** There are two tabs available for you to check agency inputs versus the appropriation totals in Chapter 874. The second tab in the workbook, entitled LegAppropByServiceArea, provides the agency's legislative appropriation by service area. The third tab in the workbook, entitled LegAppropByProgramFund, provides the agency's legislative appropriation by program and fund detail.

- **Pasting Data From Other Sources:** If you are pasting data from other sources, make sure that you paste the columns using the correct file layout and paste by selecting "paste special", and then "values" from the "Edit" or right-click menus. Please make sure the format of the data that you paste in the template matches the format requested in these instructions. For example, do not paste in fund details with a leading zero (fund "0100" should be pasted as "100").

- **Other Information:** Column by column instructions are included in the Excel template as a separate "Instructions" tab. In addition, very brief column instructions can be viewed in the main tab by hovering over the column header.

Personal services

For all personal services (major object 1100), array your planned expenses by program, service area, fund detail, and subobject in the Excel template provided. You can download the Excel template and the revised Expenditure Structure, dated FY 2011, from DPB's Web site at http://dpb.virginia.gov/.

Many agencies have included reduction strategies that increase the level of turnover and vacancy or otherwise reduce the number of positions that may can be funded. As a result, it does not make sense to require agencies to fully fund the position level in Chapter 874 and then apply a turnover/vacancy rate because the results would be unrealistic in these instances. Consequently, for purposes of preparing the FY 2011 – FY 2012 operating plan, we are focusing on funding only the actual number of positions that each agency expects to be able to fill during the fiscal year. Against that funded level, agencies will be asked to then apply a realistic turnover and vacancy rate that more closely reflects the agency's actual experience.

For your FY 2011- FY 2012 operating plan, you should not fund 100 percent of your agency's authorized position level unless you plan to keep filled positions at or near the authorized position level (no vacancies) in FY 2011 – FY 2012. Instead, you should fund a position level that is more consistent with your current filled position level including a reasonable amount for anticipated turnover and vacancy. To identify the vacancy rate in your agency, you should indicate the number of authorized positions not being funded using subobject 1182 (Unfunded Vacant Positions). For those positions

(that are part of your budgeted amount for turnover and vacancy), you should use subobjects 1192 (faculty positions) or 1195 (classified positions). You should indicate the filled authorized position level that you are funding using the usual subject codes that are valid for position numbers (e.g., 1123 and 1124).

Your total authorized position level in your operating plan submission should still match the position totals as shown in Chapter 874, but the subobject detail for these authorized positions will break them out by what you are funding in the submission versus what you are not funding.   For example, assume an agency that has 50 authorized positions in Chapter 874 and plans to fund 40 positions with a reasonable vacancy rate of five positions.   This agency would then budget 40 positions on typical salary subobjects (1123, 1124, etc...), five positions on 1195 (classified positions turnover and vacancy) or 1192 (faculty positions), and the remaining five on 1182 (Unfunded Vacant Positions).

If your operating plan submission includes amounts for turnover and vacancy, you may use the following designated convenience codes to identify the savings associated with such vacancy and turnover:

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 positions to two decimal places. Also, positions can be assigned only to personal services subobject codes.

Due to the fact that the totals in your FY 2011 – FY 2012 operating plan submission must match the agency totals in Chapter 874, your FY 2011 – FY 2012 operating plan submission will not include fringe benefit changes. These changes are included in Central Appropriations. These amounts will be transferred to or from your agency as part of administrative actions and as follow-up base adjustments submission later during budget development. Consequently, the rates you will be using to calculate personal services costs for the FY 2011 – FY 2012 operating plan submission will not be the benefit rates you are using in budget execution for FY 2011 and FY 2012.   Appendix A of these instructions includes the fringe benefit rates that you should use for this submission.

Nonpersonal services

For all nonpersonal services, you must array your planned expenses by major object of expenditure unless a more detailed subobject submission is required. In order to obtain more detailed and accurate information about selected expenses, you **must** use the following subobjects in your data submission. Consequently, you should not include any amounts in these subobjects in any roll-up of data to the major object level using convenience codes. To do so, would result in double counting.

The purpose of collecting budget information at the more detailed subobject level for these selected subobjects is to better identify these areas of cost and to more completely understand the impact of agency based rate changes. In other cases, the subobject detail represents an area targeted for cost control and/or management, or an area where better tracking of costs are needed.

Institutions of higher education do not need to apply the VITA-related subobjects, except for subobject 1216.

1205	Seat Management Services
1214	Postal Services
1215	Printing Services
1216	Telecommunications Services (provided by VITA)
1217	Telecommunications Services (provided by non-state vendor)
1218	Telecommunications Services (provided by another state agency)
1241	Auditing Services
1242	Fiscal Services
1243	Attorney Services
1244	Management Services
1245	Personnel Management Services
1246	Public Informational and Public Relations Services
1247	Legal Services
1248	Media Services
1271	Information Management Design and Development Services (provided by VITA)
1272	VITA Pass Thru Charges (New)
1273	Information Management Design and Development Services (provided by another State agency (not VITA) or vendor)
1274	Computer Hardware Maintenance Services
1275	Computer Software Maintenance Services
1276	Computer Operating Services (provided by VITA)
1277	Computer Operating Services (provided by another State agency (not VITA) or vendor)
1278	VITA Information Technology Infrastructure Services (Provided by VITA)
1279	Computer Software Development Services
1321	Coal
1322	Gas
1323	Gasoline
1324	Oil
1325	Steam
1326	Wood Fuels
1431	Categorical Aid to Local Governments and Constitutional Officers (Not Technology)
1432	Payments in Lieu of Taxes

1433	General Revenue Sharing
1434	Disaster Recovery Categorical Aid to Local Governments
1435	Special Payments to Localities
1436	Categorical Aid to Local Governments and Constitutional Officers for Technology
1441	Payments to Substate Entities
1442	Payments to Individuals
1451	Grants to Intergovernmental Organizations
1452	Grants Nongovernmental Organizations
1453	Out-of-State Political Entities
1455	Disaster Recovery Grants to Other State Agencies
1456	Disaster Recovery Grants to Nongovernmental Organizations
1511	Aircraft Insurance
1512	Automobile Liability
1513	Flood Insurance
1514	Inland Marine Insurance
1515	Marine Insurance
1516	Property Insurance
1517	Boiler and Machinery
1521	Computer Capital Leases
1522	Central Processor Capital Leases
1523	Computer Software Leases
1524	Equipment Capital Leases
1525	Building Capital Leases
1526	Land Capital Leases
1527	Land and Building Capital Leases
1531	Computer Rentals (not mainframe)
1533	Computer Software Rentals
1534	Equipment Rentals
1535	Building Rentals
1536	Land Rentals
1537	Land and Building Rentals
1538	Building Rentals – State Owned Facilities - New
1539	Building Rentals – Non-State Owned Facilities - New
1542	Electrical Service Charges
1543	Refuse Service Charges
1544	Water and Sewer Service Charges
1547	Private Vendor Service Charges
1551	General Liability Insurance
1552	Money and Securities Insurance
1553	Medical Malpractice
1554	Surety Bonds
1555	Workers' Compensation
1561	Computer Peripheral Installment Purchases
1562	Computer Processor Installment Purchases
1563	Computer Software Installment Purchases

2211	Desktop Client Computers (microcomputers)
2212	Mobile Client Computers (microcomputers)
2214	Mainframe Computers and Components
2215	Network Servers
2216	Network Components
2217	Other Computer Equipment
2218	Computer Software Purchases
2219	Development Tools Purchases
3111	Bond Issuance Expenses
3112	Bond Issuance Fees
3113	General Obligation Bond Financing
3114	General Obligation Bond Interest Retirement
3115	Revenue Bond Financing
3116	Revenue Bond Interest Retirement
3117	Revenue Bond Principal Retirement
3121	Anticipation Loan Interest Retirement – Not drawdown or mortgage loans
3131	Anticipation Loan Interest Retirement – Drawdown and Mortgage Loans
3132	Mortgage Loan Interest Retirement
3195	Undistributed Obligations
3196	Indirect Cost Recoveries from Auxiliary Programs for Obligations
3198	Inter-Agency Recoveries for Obligations
3199	Intra-Agency Recoveries for Obligations

Definitions for these subobject codes can be found on the DPB Web site.

If your agency intends to expend in subobjects other than those arrayed above, you may use the appropriate designated convenience codes for the balance. For example, if your expenses in the 1200 major object of expense are greater than the total of the detailed subobject codes, you may put the additional dollars in convenience subobject 1295. All the allowable nonpersonal convenience codes are:

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 not specifically listed in the required subobject codes, use **ONLY** the designated convenience codes listed above. ***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.)

Your DPB budget analyst may ask for additional subobject codes information. Also, you have the option to provide subobject code/fund information for your entire operating plan.

Balancing the submission

Your fund group totals for dollars **must** come back to the Chapter 874 program/fund detail totals. Positions must match the general fund/nongeneral fund split in Chapter 874. Balancing validation has been provided on your Excel template.

DPB **will** use these records to load the new performance budgeting system for execution purposes. Additional information on this will be released at a later date.

Appendix A: Fringe Benefit Rates
2010 - 2012 Operating Plan Submission

Subobject	Benefit Factor[1]	2010-12 Base
1111	**VRS Retirement Contributions[2]**	
	State Employees	11.26%
	Virginia Law Officers Retirement (VaLORS)	19.23%
	State Police (SPORS)	25.76%
	Judges (JRS)	25.05%
1112	**Social Security[3]**	6.20%
	Capped at $106,800 (based on calendar year 2009 cap)	
1112	**Medicare**	1.45%
1114	**Group Life**	0.79%
1115	**Annual Employer Health Insurance Premiums**	
	COVA Care/Connect Single	$4,476
	COVA Care/Connect Dual	$7,968
	COVA Care/Connect Family	$11,688
	COVA High Deductible Single	$3,984
	COVA High Deductible Dual	$7,356
	COVA High Deductible Family	$10,764
	Kaiser Permanente Single	$4,368
	Kaiser Permanente Dual	$7,752
	Kaiser Permanente Family	$11,388
1116	**Retiree Health Insurance Credit Premium**	1.00%
1117	**VSDP & Long-Term Disability Insurance**	1.00%
1118	**Teachers Insurance and Annuity[4]**	10.40%
1119	**Defined Contribution Plan5**	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 numbers refer to percent of salaries. Health insurance premiums are the annual employer dollar cost for an individual.

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

[3] The $106,800 Social Security cap is based on the calendar year 2009 cap. The Federal Social Security Administration will update the 2010 calendar year cap 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*.