

# Instructions for Preparing FY 2017 Savings Strategies

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2016-2018 Biennium



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# FY 2017 Savings Strategies Submission Overview

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## About the Submission

This package provides guidance and instructions for the submission of savings strategies for fiscal year 2017. Your agency must submit plans that equal five (5) percent of your FY 2017 Chapter 780 (2016 Session) general fund appropriation, less adjusted amounts. In addition, if your agency submitted pledged balances at the end of FY 2016, the approved amount has been deducted from your savings target. A file containing your agency's savings target for this submission along with any applicable exempted amounts can be found on the DPB website at the links at the bottom of this page. See Appendix A of these instructions for more information.

Prior to submitting savings strategies to DPB, you must work with your cabinet secretary to obtain approval of your overall plan. Your cabinet secretary's office will determine the internal review deadlines for your secretariat. Submission of savings strategies approved by your cabinet secretary to DPB must be completed by **September 20, 2016**.

The vehicle for submitting saving strategies to DPB is an Excel template that can be downloaded from the DPB website at the link below. More information on completing this template is included later in these instructions.

While the focus of this submission is FY 2017, you will be expected to include the FY 2018 impact of your 2017 strategies as part of your plan. This Fall, additional instructions will be issued regarding FY 2018. Any strategies submitted for FY 2017 that have continued savings into FY 2018, will be considered in the coming months when targets for FY 2018 are determined.

Note: Links to all files and templates referenced in these instructions can be found at the following link:

<http://dpb.virginia.gov/forms/forms.cfm?search=2017%20Savings%20Strategies%20Submission>.

Alternatively, you may go to the DPB webpage at <http://dpb.virginia.gov/> and click on the link to "2017 Savings Strategies Submission".

## About Savings Targets

As indicated previously, your agency will receive savings targets that equate to a five percent reduction in FY 2017. Prior to calculating the five percent target, certain adjustments have been made. Adjustments to the general fund legislative appropriation for this purpose were made for various reasons such as the exemption of aid to localities and the exemption of mandated and/or formula driven programs.

Please note that while these exempt amounts are not part of this across the board exercise, they remain subject to the Governor's discretion for additional reductions that will be included in the Governor's amended budget bill.

Agency FY 2017 five percent savings targets can be found by downloading the "Agency Savings Target" template on the DPB website at the following link:

<http://dpb.virginia.gov/forms/forms.cfm?search=2017%20Savings%20Strategies%20Submission>.

See Appendix A for instructions on downloading and using this template.

## Things to Consider When Developing Savings Ideas

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In developing savings strategies for your agency, please take the following into account:

- **Pledged 2016 Balances.** In May of this year, the Governor's Chief of Staff sent out a memo encouraging agencies to pledge discretionary GF balances. In that memo, the Chief of Staff indicated that agencies that pledged balances would receive a credit against FY 2017 reductions. In a change from past years, your savings target listed in the Agency Savings Targets template has been adjusted for any approved pledged balances. Because your target has been adjusted downward for pledged balances, you should not include the pledged balances as a strategy in your savings plan.
- **Strategies requiring legislation or regulation.** Some savings ideas may require the passage of legislation or a change in regulation in order to fully implement. While such strategies should not be ruled out for future FY 2018 savings, you should keep in mind that in order to meet your FY 2017 target, such actions may not be possible. If you have savings ideas that may require changes in legislation, you should notify your cabinet secretary's office as soon as possible.
- **Avoid one-time savings.** The emphasis is to take actions that would provide ongoing long-term reductions, rather than one-time savings. While proposals for one-time actions will be considered for FY 2017, you should limit the use of such proposals to the bare minimum if possible. This Fall, additional instructions will be issued regarding FY 2018. Any strategies submitted for FY 2017 that have continued savings into FY 2018, will be considered when targets for FY 2018 are determined later.
- **Don't Propose Unrealistic Strategies in an Effort to Avoid Reductions.** Agencies should not propose the elimination or curtailment of core or mandated services or programs in an effort to avoid reductions. Plans that employ this tactic, will likely be deemed unacceptable and you will be required to replace such strategies with more realistic ideas.

- **Focus on overall savings to the state.** Agencies cannot count savings actions that will reduce payments to other state agencies or have a negative financial impact on other state programs. This does not result in overall savings to the Commonwealth. However, we are very interested in any ideas you may have that could reduce statewide costs, so please communicate these to your budget analyst and cabinet secretary.
- **Remember that layoffs generate costs.** Saving strategies requiring layoffs of personnel may generate costs due to the severance benefits required under the Workforce Transition Act of 1995 (WTA), and the payment of any leave balances for which employees may be eligible. However, please keep in mind that under the provisions of paragraph M of Item 475, Chapter 780 (2016 Session), the cost of enhanced retirement benefits under WTA may be factored into the employer contribution rates paid to the Virginia Retirement System and thus may not need to be taken into account. If your agency's plan includes layoffs, please review paragraph M of Item 475.

For more information on state personnel policies with respect to layoffs and furloughs, see the Department of Human Resource Management (DHRM) website for the following policies:

- Policy 1.30 – Layoff
- Policy 1.57 - Severance Benefits
- Policy 1.65 - Temporary Workforce Reduction

These policies and other information about layoffs can be found at the following web address: <http://www.dhrm.virginia.gov/hrpolicies>

In addition, a WTA estimator can be found on the DPB website at the following link:

<http://dpb.virginia.gov/forms/forms.cfm?search=2017%20Savings%20Strategies%20Submission>

# Completing the Strategies Submission Template

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## Completing the Excel Strategies Listing

The Excel “Agency Savings Submission” template you will use to submit your strategies can be found on the DPB website at the following link:

<http://dpb.virginia.gov/forms/forms.cfm?search=2017%20Savings%20Strategies%20Submission>.

You will enter your savings strategies on the “Strategies Listing” tab. The instructions for completing the “Strategies Listing” tab of the template are as follows:

- **Enter your agency’s three-digit agency code.** Enter your agency’s three-digit agency code in the cell indicated in the template. After you enter an agency code, the agency name and other information will automatically populate appropriate cells of data, associated specifically to your agency.
- **Select the level of review that has occurred with your plan.** In the upper right corner of the template, you should select the appropriate item that describes the level of review your savings plan has undergone. You must work through your Cabinet Secretary’s office to obtain approval to submit your plan. This field is intended as a record that your agency in fact worked through the Secretary’s office prior to submission to DPB.
- **Agency Targets, Credit for Pledged Balances, Strategy Totals, and Target Variance.** Just underneath the column headers are several rows of information that contain calculated data. After you enter your agency code, the savings targets for your agency will appear under the FY 2017 GF Impact column. If applicable, any credit for pledged FY 2016 balances will be deducted from your agency’s calculated target. The “Strategy Totals” row calculates the totals of all the strategies entered in the template. The “Target Variance” row compares the “Strategy Totals” with the “Agency Targets”. When you have completed your entry of savings strategies, the “Target Variance” should be zero.
- **Entering savings strategies.** The Excel template has been pre-formatted with rows for 45 strategies. If you need more than 45 strategies, contact your DPB Budget analyst.
- **Enter a Strategy Title.** Under the “Strategy Title” column, enter a short title for each savings strategy. The title should avoid the use of acronyms or other jargon.
- **Enter a Strategy Description.** Under the “Strategy Description” column, enter a brief description of the proposed savings strategy. Please remember that just because you may have a great deal of information about a proposed savings strategy does not mean that you should attempt to insert all of it into this template. Try to keep these descriptions informative but relatively brief.
- **Indicate whether legislation or regulation is required.** Under the “Legislation or Regulation Required” column, select the appropriate item from the list. If legislation is required select “Legislation”. If regulation is required select “Regulation”. If a savings strategy requires changes in budget bill language to implement, select “Budget Language”. Otherwise, select “N/A”.

- **Indicate the GF resource type (if applicable).** Under the “GF Resource Type” column, select the appropriate GF resource type if the strategy generates GF revenue/resources such in the case of a nongeneral fund cash transfer to the general fund, an anticipated GF balance, or new GF revenue). If the strategy impacts GF appropriation only, leave this field blank or select “N/A”.
- **Enter the GF Impact of the strategy.** Even though your agency has received a target for only FY 2017 at this point, you should also include the FY 2018 impact of each strategy. The FY 2018 information will be accounted for when targets are established later for FY 2018.

Under the FY 2017 and FY 2018 “GF Impact” columns, enter the savings generated by each strategy. For the purposes of this exercise, anything that saves general fund dollars (reduction in appropriation) or generates general fund resources (eg. nongeneral fund cash balances or new GF revenue) should be entered as a negative amount. Otherwise, the “Agency Totals” and “Target Variance” amounts at the top of the template will not be correctly calculated.

- **Indicate the impact to nongeneral fund appropriation.** Under the FY 2017 and FY 2018 “NGF Appropriation” columns, indicate any impact a savings strategy may have on NGF appropriation. For example, if you are proposing a strategy that will shift the funding for a given activity from the general fund to nongeneral fund sources, you may determine that you will need additional NGF appropriation. Please note that strategies involving the sweeping of NGF cash do not necessarily result in any NGF appropriation actions. If you do have strategies that involve the sweeping of NGF cash balances make sure the cash sweep amounts are reflected under the “GF Impact” columns.
- **Indicate the impact on authorized position level.** Under the FY 2017 and FY 2017 “Position Level” columns, enter the change in GF and NGF authorized positions. A reduction in positions should be shown as a negative amount.
- **Indicate the number of layoffs.** If applicable, enter the number of layoffs associated with each savings strategy under the FY 2017 and FY 2018 “Layoffs” columns. Layoffs should be entered as positive amounts. In addition, because layoffs impact individual employees, they should be entered as whole numbers. The number of layoffs should only be reflected in the year they occur.

## September 20<sup>th</sup> Submission

The review and approval of your agency’s savings strategies by your cabinet secretary should be completed by September 20<sup>th</sup>. After that time, a review by the Governor’s Office will commence.

To help in this review, you must submit a copy of the strategies listing spreadsheet to [budget@dpb.virginia.gov](mailto:budget@dpb.virginia.gov) with a copy to your DPB budget analyst. Please make sure you include your agency’s three-digit agency code in the file name of the documents you transmit to DPB. This submission to DPB must be completed by **5 PM on Monday September 20<sup>th</sup>**.

# Appendix A: Agency Savings Targets Template

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## Step 1, Downloading the Targets Template and Enabling Macros:

Navigate to the following link:

<http://dpb.virginia.gov/forms/forms.cfm?search=2017%20Savings%20Strategies%20Submission>

### **If you are using Internet Explorer as your Internet browser:**

1. RIGHT-CLICK on the link for the Excel file; "Agency Savings Targets".
2. Select "Save Target As" and save the file to your local drive.
3. Once the file is saved, close Internet Explorer and open the file using Excel.
4. Please note that in order for the template to operate correctly, you must click on the "Enable Content" button within the Macros Security Warning message. Also, select "Yes" when asked if you want to make the file a trusted document.
5. If you are prompted with a Microsoft Visual Basic error, please see the instructions below on adjusting macro security levels.

### **If you are using Mozilla Firefox as your Internet browser:**

1. Click on the link for the Excel file; "Agency Savings Targets".
2. After you click on the file name on the website, you will be prompted to open the file or save it to a drive. You should choose to save the file to your computer.
3. A box will appear warning you that the file contains macros. The box will prompt you to disable the macros or to enable the macros.
4. Please note that in order for the template to operate correctly, you must click on the "Enable Content" button within the Macros Security Warning message. Also, select "Yes" when asked if you want to make the file a trusted document.
5. If you are prompted with a Microsoft Visual Basic error, please see the instructions below on adjusting macro security levels.

### **If you are prompted with a Microsoft Visual Basic error alerting you to disabled macros:**

#### **For Excel 2007 and later version users, please use the following instructions:**

Before opening the Excel template the following set-up needs to be done.

1. Open Excel 2007 or later version.
2. Select the "Office Button" in the upper left hand corner of the window.
3. At the bottom of the window, select the "Excel Options" button.
4. On the "Excel Options" window, select the "Trust Center" from the selections along the left of the page.
5. Then, select the "Trust Center Settings..." button near the center of the page.
6. On the "Trust Center" window, select "Macro Settings" along the left of the window.
7. Under the "Macro Settings" section select "Enable all macros".
8. Select "OK" to close the "Trust Center" window, then "OK" again to close the "Excel Options" window.

## Step 2, Populating the Agency Savings Targets

Populating the agency savings targets requires that you enter your three-digit agency code at the top of the form. After entering your agency code, the target information will be populated in the template. In addition to your savings target, this information includes your agency's 2017 legislative appropriation per Chapter 780 by program and any amounts exempted for the purposes of calculating your savings target.

Your agency's five percent savings target can be found under the "FY 2017 Savings Target" column.

Save the file again to retain the information as populated.

If you have any questions, please contact your DPB budget analyst.