



INTERDEPARTMENTAL MEMORANDUM

SUBJECT: Work Programs for Fiscal Year 2016-17
General Information and Instructions

DATE: May 19, 2016

TO: All Departments and Agencies

FROM: Melissa L. Gott, State Budget Officer
Bureau of the Budget

Accompanying this memorandum is a Statewide Appropriations/Allocations report in PDF format for Financial Order 003662 F7. Statewide adjustment savings associated with the attrition rate increase from 1.6% to 3% will be distributed in a separate financial order as indicated below. For those actions impacting fiscal year 2016-17 in laws with effective dates after July 1, 2016, will be included in separate financial orders when the laws become effective.

Work Program Financial Order 003662 F7

This order implements the fiscal year 2016-17 Basic Work Program with actions approved in Public Law 2015, c. 267 and Public Law 2015, c. 268 the Unified General Fund and Other Funds and the Unified Highway Fund and Other Funds budget bills.

This order also updates the fiscal year 2016-75 Basic Work Program with actions approved in several miscellaneous laws, Public Law 2015, chapters 1, 16, 24, 45, 50, 120, 136, 148, 150, 166, 191, 199, 200, 202, 230, 237, 242, 245, 257, 275, 279, 299, 301, 303, 311, 319, 323, 327, 328, 332, 335, 339, 340, 341, 343, 344, 345, 346, 347, 348, 351, 354, 355, 356, 359, 362, 365, 366, 378, 388, 402, 439, 473, 477, 480, 481, 482 and 483, Resolves 2015, chapters 45, 50 and 90, and Initiated Bill 2015, chapter 1.

Statewide Financial Orders

003663 F7 Attrition Savings from PL2015, c. 267, Part P and c. 268, Part H

To distribute authorized budget amounts electronically using the Budget and Financial Management System (BFMS), select the Annual button on the Main Menu, select 2017 from the Year drop down, select the appropriate department or agency from the Umbrella drop down in the Annual Work Program Selection window, select Statewide Financial Orders and click the Select button. In the Statewide Financial Order Summary window, select the record for the financial order reflected above.

Departments and agencies may print a Statewide Financial Order report by selecting Reports and Annual from the drop down menu, selecting Statewide Financial Orders and clicking the Open button. **A copy of this report, generated at the Umbrella**

level, must be signed by the department or agency head and forwarded to the Bureau of the Budget.

For department and agencies that submit manually, please complete the template in the attached file for each account. **The deadline for completion and filing is Friday, June 3, 2016 at Noon.** If you are not able to meet this deadline, please contact your Budget Analyst immediately. Please contact your Budget Analyst if you have any questions or need assistance.

Thank you.

cc: Richard Rosen, Commissioner
Office of Fiscal and Program Review

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GENERAL INFORMATION

Work programs must be submitted in accordance with legislative appropriations/allocations. Following are key points to be considered in the work program preparation process:

- Any proposed change in your work program during the fiscal year requires a financial order approved by the State Budget Officer and the Governor.
- Prepare the work program with sufficient accuracy to ensure that budget orders are kept to a minimum.
- BFMS enforces the distribution of the authorized budget at the line category and/or account level. In cases where substantial deviation from individual objects are contemplated, justification in the form of a spreadsheet or memo must be provided detailing the proposed adjustment.
- All proposed changes to the 5300s technology expenditure categories must be reviewed with and then pre-approved by OIT(Office of Information Technology). Please explain in writing the change to OIT and support with required changes needed to the OIT Budget Module template information.

LINE CATEGORIES

Personal Services. Computations for Personal Services must provide for all authorized and funded positions.

Health and dental insurance, and workers' compensation, are fixed costs per employee per month; the quarterly distribution is typically four equal amounts unless positions are either phased in or eliminated during the year. Retirement calculations, including retiree health insurance, must be based on the actual amount of salary and wages in each quarter. Computations must be based on the following number of payroll days in each quarter. Personal Services may be front loaded only to the extent that it represents the impact of approved reclassifications, increases resulting from collective bargaining and increases resulting from bills enacted into law during the most recent session.

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Cycle A	7	6	7	6
Cycle B	6	7	6	7

Retirement, workers' compensation and health insurance rates that will be in effect as of July 1 are included as attachments with the instructions. (WP 2016-17 Benefits.xls)

The biweekly **dental premium** rate is \$13.13. The applicable **retiree health insurance** rate each pay date is 10.54%.

All Other. Requests must provide sufficient amounts to cover requirements for all expenditure codes within currently authorized resources consistent with the approved budget. Accounts other than those in the General Fund must include allotment for STA-CAP charges using expenditure code 851100. STA-CAP rates for 2016-17 are provided with the instructions for your use. (WP STACAP Rates 2017.xls)

Capital Expenditures. Requests must provide sufficient amounts to cover requirements for all expenditure codes within currently authorized resources consistent with the approved budget. Distribution of authorized amounts must be made on an encumbrance basis as stated below.

UNENCUMBERED BALANCES

Except for accounts for which the unencumbered balance available at the end of fiscal year 2015-16 is the only resource available for fiscal year 2016-17, financial orders to allot the unencumbered balance will not be considered until after the fiscal year has closed and available balances have been loaded in BFMS. When distributing the amounts in the work program, agencies should not assume that the fiscal year 2015-16 unencumbered balance will be available to allot during the first quarter of fiscal year 2016-17.

ENCUMBRANCES

Work programs must be prepared on an encumbrance basis. This means that in the preparation of work programs, agencies should request allotment for the quarters in which firm commitments to purchase will actually be made. For example, in requesting the allotment of funds for the purchase of equipment or commodity items, request the allotment in the quarter the purchase order is expected to be issued and encumbered, rather than in the quarter in which the payment is expected to be made. Allotment should not be requested in the basic work program to cover estimated encumbrances that may be brought forward at the end of June.

When distributing allotment by quarter, agencies need to consider contracts that have been staged for encumbrance in fiscal year 2016-17. Agencies should also consider whether or not staged contracts will need to be modified to reflect different accounts as a result of any actions taken in the budget.

REVENUES

BFMS enforces the distribution of revenues consistent with the budget at the account level for departments and agencies that have access to BFMS. The revenue estimates must be the best current estimate of what will actually happen; however, projected revenue amounts must agree with the amounts included in the budget document

except as subsequently adjusted by the Legislature. A memorandum of explanation identifying any suggested or actual changes between revenue source codes must be attached to the work program submission.

Agencies must report revenue estimates using the four digit revenue source code. (Departments and agencies with access to BFMS must use the four digit code plus '00'). The projected entry should be the amount actually expected to be received that month, rather than 1/12th of the amount estimated for the year. If an account in your agency receives revenues collected or assessed by another account, you should confer as necessary with those responsible for the other account to ensure that the estimated amount and the month of collection used are consistent with your proposed expenditure pattern.

If at any time during the fiscal year it appears evident that the dedicated revenue upon which the allotment for a non-General Fund account is based will not be realized, you are required to promptly discuss the situation with your Budget Analyst so that steps may be taken to adjust the work program to reflect a realistic balance between the projected amounts and month of receipt of resources and the amounts and month of proposed commitment of allotment.

CHARACTER & OBJECT CODES

A listing of allowable expenditure codes for preparing expenditures is available to departments and agencies in the Objects window (Select Administration – System Administration – Objects). Off-line departments and agencies may contact the Bureau of the Budget to obtain a listing of valid expenditure codes. Expenditure codes in the 3000 and 8000 series must have 4 significant digits, i.e., 3110, 3210, 3910... 8510, 8511, etc., plus '00' as required by BFMS. All others may be entered by even hundreds, i.e., 4000, 4100, 4900, 7200, etc., plus '00', or at the 4 digit level.

Transfer codes must have four significant digits depending on the fund type: 2983, 2984, 2987 or 2988 if Federal Funds; or 2963, 2964, 2967 or 2968 if other than Federal Funds. Revenue sources used must have four significant digits. Similar to expenditures, transfer and revenue codes also require the addition of '00'.

TRANSFERS

Include in the work program only those transfers which are in the approved budget. BFMS enforces the distribution of transfers consistent with the budget at the account and 'transfer to account' level for departments and agencies that have access to BFMS. Transfers of funds from one account to another are reported by the account giving up the funds, and must reflect the account number that will be receiving the transferred money in the "From or To Account" column. *It is not necessary to initiate*

receiving entries as the system will automatically generate the positive side of the transfer.

NOTE

As transfer data is copied from a budget version to a statewide financial order, only entries associated with accounts from which the funds are to be transferred are copied. The positive entry for the receiving account is automatically created by the system using the same information, including the transfer object. In order to reflect a different object for the receiving account, insert a new record and transfer the appropriate amount from the reflected object to the desired object within the same account.

Transfers within or between governmental funds (General Fund, Highway Fund, Other Special Revenue Funds) are considered transfers of resources or transfers of appropriation/allocation. Transfers to or from other funds (e. g. General Fund to Internal Service Funds) are considered revenues and expenditures between those funds.

1. When transferring funds to an account because it is performing a portion of a program, use the appropriate transfer code from the 290000 series. Such transfers can only be made between operating accounts (010 through 015). Transfers in the General Fund and Highway Fund must be coded by line. Transfers in other funds must be coded as Unallocated 296800 or 298800.
2. Revenues collected and distributed to other accounts in accordance with a pattern approved by the Legislature should be reported as dedicated revenues using the appropriate revenue source codes.
3. To move funds between an operating account and a ledger account, use the appropriate expenditure codes from the 850000 series; and the appropriate revenue source codes from the 270000 series.
4. Transfers between agencies must be coordinated between the agencies involved.

Transfers between accounts within a department or agency not included in your approved budget submission must be requested by submission of a separate financial order. Financial orders transferring funds between line categories are subject to a 30-day wait subsequent to the Governor's approval so plan accordingly. Transfers affect the resources available to allot in each of the accounts involved; and, therefore a transfer from an account may require a reduction of allotment in that account.

ACCOUNTS FUNDED FROM MULTIPLE SOURCES

Some federal and other funds accounts, such as "Administration," operate on funds from more than one federal grant or funding source. In those cases, the revenue should be recorded as received in each of the grant or other funds accounts as revenue and then a transfer of funds should be made into the particular administrative account. Using this method, the grant or other funds account will reflect the total dollars received

for that particular grant along with the amount transferred out to cover the cost of administering the account. This transfer out reduces the resources eligible for allotment. All such transfers must be reflected on the Transfers form included in the work program submission for each account providing funds to another and be in accordance with the budget as approved or modified by the Legislature.

If these transfers were in the budget document submission and the resources that fund the legislative allocation in the receiving (administrative) account, use the transfer code signifying the line category Unallocated, either 298800 if federal, 296800 if not.

Refer to the State Controller's Bulletin #FY09-08 dated March 6, 2009 for additional information related to the transfer of ARRA funds.