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Fiscal Year 2014-15 Submission Guidelines for Agency Budget Plans

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Fiscal Year 2014-15 Submission Guidelines for Agency Budget Plans

August 19, 2013

INTRODUCTION

The budget instructions and templates for FY 2014-15 have been modified to account for the State Budget Division's implementation of SAP's Public Budget Formulation module. Some aspects of last year's process have been preserved. For instance, very few changes have been made to the forms or the processes for amending provisos or requesting appropriations for capital or non-recurring funds. On the other hand, the Excel templates for requesting appropriation or FTE changes have been replaced with web-based forms within the PBF system.

TIMELINE

To give agencies additional time to develop their requests and learn how to navigate the new PBF system, the Governor's Office has extended the agency planning period by nearly two weeks this year.

Initial Agency Planning

- (Aug. 19) Budget instructions released
- (Aug. 30) Restructuring requests due
- (Early September) PBF system opens
- (Sept. 15) Agency Accountability Reports due
- (Oct. 1) Agency Budget Plans due

Central Review and Coordination

- (Oct. 7-25) Governor's Office meets with agencies
- (Nov. 8) BEA certifies preliminary FY 2014-15 revenue estimate

Final Development and Publication

- (Early January) Release of FY 2014-15 Executive Budget
- (Jan. 14) First day of 2014 legislative session

METHOD OF SUBMISSION

DEADLINE

Printed and electronic copies of agencies' budget plans must be filed by **Tuesday, October 1, 2013**. Any base budget amendments and decision packages must be advanced in PBF to the stage identified by the State Budget Division by this date.

COMPONENTS

Each agency must submit printed and electronic versions of the following:

- Form A: Summary (MS Word)

Agencies must also submit printed and electronic versions of any of the following that apply:

- Form B: Program Revision Request (MS Word)
- Form C: Capital or Non-Recurring Request (MS Word)
- Form D: Proviso Revision Request (MS Word)

Agencies will also submit any decision packages through the PBF system. Form B (recurring) or Form C (one-time) must be completed for each decision package.

PRINTED SUBMISSIONS

Six (6) sets of printed copies should be delivered to Karen Rhinehart at the State Budget Division:

Attn: Karen Rhinehart
State Budget Division
1205 Pendleton Street, Suite 529
Columbia, SC 29201

ELECTRONIC SUBMISSIONS

Agencies must also electronically file their budget plans by emailing the required documents to **krhinehart@budget.sc.gov**. These documents should be in the same format as the original templates, except for Form A, which may be submitted in PDF format to reflect the department head's signature. **Otherwise, do NOT submit documents in PDF format.**

DISTRIBUTION

The State Budget Division will distribute the printed copies to the Governor's Office, the House Ways and Means Committee, the Senate Finance Committee, and the Capital Budgeting Unit of the State Budget Division. In addition, the State Budget Division will make the plans available online.

QUESTIONS

Please direct questions to your State Budget Analyst.

GENERAL INSTRUCTIONS

OVERVIEW

The FY 2014-15 Executive Budget will incorporate additional elements that will further develop the alignment between South Carolina's annual budget presentation and both of the following:

1. Budget guidelines established by the National Advisory Council on State and Local Budgeting
2. Best practices identified by the Government Finance Officers Association

To minimize the paperwork burden for agencies, the Governor's Office will draw some content from the Annual Accountability Reports that agencies will submit no later than September 15, 2013, pursuant to Proviso 117.31. Agencies should be aware that some material from those reports – especially mission statements, goals, objectives, and information on performance measures – is likely to appear in the January 2014 budget presentation. The Governor's Office assumes that agencies have thoroughly reviewed their accountability reports prior to submission, and as a result, will not necessarily ask agencies to revalidate that information.

FORMS

This year, an agency's budget plan will be comprised of some or all of the following:

- 1. Form A – Summary**
 - This form provides a snapshot of the agency's request, confirms the identities of the appropriate agency contacts, and must be signed by the department head. All agencies must submit this form.
- 2. Form B – Program Revision Request**
 - An iteration of this form must be completed for each decision package (for recurring funds) submitted in the PBF system.
- 3. Form C – Capital or Non-Recurring Request**
 - An iteration of this form must be completed for each decision package (for a one-time appropriation) submitted in the PBF system.
- 4. Form D – Proviso Revision Request**
 - An iteration of this form must be completed for each proviso that an agency wishes to add, amend, codify, or delete. This includes technical changes, such as to a fiscal year reference.
- 5. Any decision packages submitted through the PBF system**

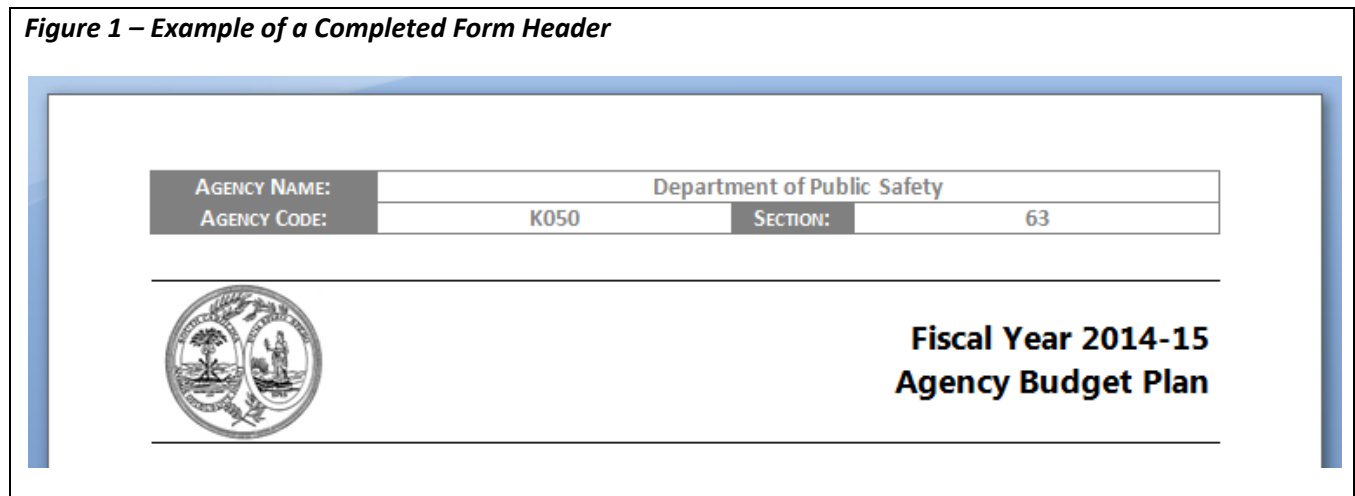
ACCESS TO PUBLIC BUDGET FORMULATION (PBF) SYSTEM

The State Budget Division is managing the implementation of the PBF module and currently expects to activate the system in early September. Agencies will be notified when PBF is ready to receive FY 2014-15 submissions.

COMPLETING THE FORMS

The header of each form contains fields into which agencies should enter their names, codes, and section numbers. Once entered on the first page of a form, this information will be replicated throughout the document. It must be entered once for each form submitted.

Figure 1 – Example of a Completed Form Header



The figure shows a form header with a blue border. At the top, there are two rows of input fields. The first row has 'AGENCY NAME:' followed by 'Department of Public Safety'. The second row has 'AGENCY CODE:' followed by 'K050' and 'SECTION:' followed by '63'. Below these fields is a horizontal line. On the left side, there is the seal of the State of Florida. On the right side, the text 'Fiscal Year 2014-15 Agency Budget Plan' is displayed in a bold, black font. Another horizontal line is at the bottom of the header section.

Agencies should submit a single copy of each relevant form, regardless of the number of iterations contained within. For instance, an agency that wishes to modify 15 provisos would submit a single copy of Form D that contains 30 or more pages.

The sizes of the fields on each form are not intended to limit or constrain an agency's response. Please provide as much depth and context as executive and legislative decision-makers will require in order to make informed decisions about next year's spending priorities. Also, the forms have been designed so that fields will automatically expand to accommodate lengthier submissions. Agencies should not be concerned with how this may affect pagination of the submitted forms.

The pages that follow contain additional instructions on completing specific fields in this year's forms. Many fields are not referenced either because they are self-explanatory or else because the guidance contained in the form itself (generally italicized text beneath the entry field) should be sufficient.

GENERAL GUIDANCE AND KEY ASSUMPTIONS

Agencies should adhere to the following guidelines and assumptions when developing their budget plans:

DOLLAR AMOUNTS	Dollar amounts should be reported in whole dollar increments. Do not use cents.
EMPLOYEE SALARIES	Assume there will be no general, statewide compensation changes in FY 2014-15.
EMPLOYEE BENEFITS	Calculate fringe benefits using the State Budget Division’s “Employer Contributions Rate Table.”
PROGRAM CITATIONS	<p>When identifying programs, please do so at the greatest possible level of detail. For instance, consider the following program at DHEC:</p> <p><i>II. Programs and Services</i> <i>A. Water Quality Management</i> <i>2. Water Management</i></p> <p>This program should not be cited merely as “II. Programs and Services, A. Water Quality Management,” because there is an additional level of hierarchy for “2. Water Management.”</p>
REVENUE CODING	<p>Revenue sources for expenditure requests tied to Other/Federal fund sources should be cited at a high-level:</p> <ul style="list-style-type: none">• Other (Earmarked): 30000000• Restricted (Earmarked): 40000000• Federal: 50000000

QUESTIONS

General questions about the FY 2014-15 budget process or the PBF system should be directed to your State Budget Analyst. Please contact Josh Baker at (803) 734-5153 or joshbaker@gov.sc.gov with any specific questions regarding the Governor’s Office’s intentions for these forms.

DECISION PACKAGES

CHANGING THE LEVEL OF ANALYSIS

In recent years, agencies have been asked to present their budget requests at the program level. This approach presents three key challenges.

First, agencies vary widely as to how they define the breadth of a program. The Department of Health and Human Services (HHS) received more than \$1 billion in General Funds in FY 2013-14 for “Health Services,” which is the only item listed under “Programs and Services.” It in turn is divided into seven components. On the other hand, the Departments of Mental Health (DMH) and Disabilities and Special Needs (DDSN) spread significantly smaller appropriations over an even larger number of subprograms and items. For instance, at DMH, the agency’s budget isolates funding for each distinct veterans home. Budgeting at the “program” level therefore has a very different effect at these agencies than it does at HHS.

Second, agencies are often managed according to a hierarchy that has little in common with the budget’s structure. A single change to policy or practice may have effects on multiple programs; the “budgeting by program” approach effectively takes a single decision and treats it as a series of related decisions.

Third, there may be several forces influencing the debate over the level at which a program should be funded in any particular fiscal year. These factors may have contradictory effects on a program’s fiscal position and may be inextricably linked to decisions about how other related programs should be funded and managed. Considering each program’s appropriations request independently may obscure the unique effects of each of these discrete forces.

Budgeting by decision package improves the ability of executive and legislative decision-makers to isolate the effects of – and more meaningfully participate in – the most important decisions facing an agency.

WHAT IS A DECISION PACKAGE?

For FY 2014-15, agencies’ requests will be organized around the “decision package” concept. This change is intended to address the issues identified earlier and coincides with the State Budget Division’s deployment of the Public Budget Formulation (PBF) module.

A decision package is an agency’s request, presented in a singular coherent proposal that can be evaluated independently, to revise its budget for a specific reason, through any combination of changes to appropriations lines and funding sources. More succinctly, a decision package might also be conceptualized as the set of proposed appropriations changes (dollars and FTEs) that are necessary to implement a single high-level policy choice or initiative.

A decision package may:

- Result in a net increase or decrease in appropriations; it may also have no net impact on total appropriations levels, if the decision package includes multiple changes that sum to the prior total.
- Change the components of funding for a particular program(s) without changing the total amount of funding – for instance, a decision package may propose to replace an anticipated loss of \$400,000 in federal funds with an equivalent amount from the General Fund.
- Eliminate an existing program, establish a new program, combine current initiatives, or materially change the cost, scope, and/or method of funding an ongoing program or related programs.

A decision package may not:

- Be so broadly constructed that it indistinguishably bleeds together the potential budgetary impact of two or more high-level policy decisions.
- Be so narrowly defined that it cannot stand independently, meaning that two or more decision packages must be jointly approved in order to achieve a single policy outcome.
- Combine recurring and non-recurring requests into a single decision package.

VALID AND COMPLETE AGENCY BUDGET PLANS

So far, this document has focused on how to create an individual decision package. The following passage explains how these packages must come together in order for an agency to have a valid and complete submission for its FY 2014-15 budget plan.

An agency may present one or several decision packages in FY 2014-15, or none at all. An agency's set of decision packages must be an exhaustive and mutually exclusive list of its requested funding changes for the upcoming year. These decision packages must be constructed so that no request is duplicated in multiple packages. Similarly, no request to change funding levels may be made outside of a decision package.

Also, a decision package must include all logically connected appropriations changes. For instance, if a law enforcement agency proposed to hire 15 new officers, then that Form B decision package would include not just the new FTEs and the personnel funds to pay the officers' salaries, but also any associated funding for operations and employer healthcare contributions, if necessary. The agency would also likely file a Form C request for one-time funds for a vehicle or other non-recurring equipment needs.

By previous notice from the State Budget Division, agencies should seek approval from the Governor's Office by August 30, 2013 for any proposed restructurings for FY 2014-15. In the interest of transparency, any approved restructuring request will still need to be submitted by the agency as a discrete decision package.

Agencies have historically had broad discretion to independently "realign" their appropriations lines prior to the commencement of the subsequent year's budget cycle. These transactions will receive heightened scrutiny in FY 2014-15, especially when shifting funds out of operating or employer contributions lines into personnel areas. Agencies should be aware that the Governor's Office may ask for agencies to present realignments as decision packages instead, if they are perceived to be substantive as opposed to technical in nature.

FORM A – SUMMARY

This form asks agencies to provide an overview of their FY 2014-15 budget requests. Form A facilitates the central review process and serves as a check that all supporting materials have been included in the agency’s final submission.

**RECURRING FUNDS
(FORM B
DECISION PACKAGES)**

When an agency creates a decision package in PBF, the system automatically generates three identification numbers for that same package. Please identify decision packages using the number assigned to the “Governor’s Request” version only.

**CAPITAL &
NON-RECURRING
FUNDS
(FORM C
DECISION PACKAGES)**

When an agency creates a decision package in PBF, the system automatically generates three identification numbers for that same package. Please identify decision packages using the number assigned to the “Governor’s Request” version only.

Figure 2 – Example of Listing Decision Packages

RECURRING FUNDS (FORM B DECISION PACKAGES)	My agency is submitting the following recurring decision packages (Form B): 64, 211	
	For FY 2014-15, my agency is:	
	<input checked="" type="checkbox"/>	Requesting a net increase in recurring General Fund appropriations.
	<input type="checkbox"/>	Not requesting a net increase in recurring General Fund Appropriations.
CAPITAL & NON-RECURRING FUNDS (FORM C DECISION PACKAGES)	My agency is submitting the following one-time decision packages (Form C): 76, 79, 94, 313	
	For FY 2014-15, my agency is:	
	<input checked="" type="checkbox"/>	Requesting capital and/or non-recurring funds.
	<input type="checkbox"/>	Not requesting capital and/or non-recurring funds.

PROVISOS

Form A asks agencies to indicate whether they are requesting substantive or technical proviso changes, if any. A “Proviso Revision Request” (Form D) should be completed for either a substantive or technical change.

AGENCY DIRECTOR

This form must be signed by the department head – not a delegate.

FORM B – PROGRAM REVISION REQUEST

One iteration of Form B should be completed for each individual decision package. Additional guidance on this concept appears in the “Decision Package” chapter of these instructions. Form B should be used for requests for recurring funding.

DECISION PACKAGE

When an agency creates a decision package in PBF, the system automatically generates three identification numbers for that same package. Please identify decision packages using the number assigned to the “Governor’s Request” version only.

FUNDING ALTERNATIVES

Were other sources of funds considered for this project? If so, what were they and why were those alternatives rejected? Could fund balances or other resources be used in whole or in part in order to meet the identified need in FY 2014-15? If so, please comment on the long-term viability of such an approach.

FORM C – CAPITAL OR NON-RECURRING REQUEST

Form C asks agencies to provide information on projects for which they are requesting one-time appropriations in FY 2014-15. This generally includes projects that have been traditionally funded through the Capital Reserve Fund or the proviso that distributes most non-recurring revenue. Complete one iteration of Form C (and one PBF decision package) for each individual capital/non-recurring project requested.

DECISION PACKAGE	When an agency creates a decision package in PBF, the system automatically generates three identification numbers for that same package. Please identify decision packages using the number assigned to the “Governor’s Request” version only.
AMOUNT	Indicate the amount that is being requested for this project in FY 2014-15. If this year’s request is part of a multi-year project, please place the FY 2014-15 amount on this line and discuss the balance of the request in the “Long-Term Planning” section below.
BUDGET PROGRAM	Identify the related budget program by name and section. Note: When entering a capital/recurring request into the PBF system, load the request under your agency’s non-recurring program instead of the related budget program identified here. <i>Ex. “II.F.1. – Marine Conservation and Management”</i>
SUMMARY	Provide sufficient information and context on the request that will allow for the project to be evaluated in its own right and also against all other requests that agencies will submit this year.
RELATED REQUEST(S)	If the capital/non-recurring request is associated with any other recurring or one-time decision packages, please identify them by name and the “Governor’s Request” version number. <i>Ex. “Advanced Plant Technology Lab Expansion – 313”</i>
FUNDING ALTERNATIVES	Were other sources of funds considered for this project? If so, what were they and why were those alternatives rejected?
LONG-TERM PLANNING AND SUSTAINABILITY	Use this field to explain how the FY 2014-15 request for capital/non-recurring funds for this project fits into the overall strategy for financing the underlying project. Is this part of a multi-year request? What other funds will be used? Also, explain how this project will affect future budget requests (operating and capital). For instance, if this request is for laboratory equipment, will the agency request personnel and operating expenses in future years for the associated staff and activity? Will funds be needed to license or maintain the equipment in future years? Have sources of those resources been identified?

FORM D – PROVISO REVISION REQUEST

The form used to request a revision to or establishment of a new proviso is largely identical to last year's. Agencies should submit this form for each proviso they wish to add, amend, codify, or delete. This includes provisos for which only a technical amendment is requested, such as a date change.

NUMBER

Please ensure that each proviso is cited using the renumbered base, as posted on the State Budget Division's website.

Ex. "BCB: Consolidation of Administrative Functions" was Proviso 101.33 in FY 2013-14. It should now be cited as Proviso 101.29.

BUDGET PROGRAM

Identify the related budget program by name and section.

Ex. "II.A.1. – Community Mental Health Centers"

DECISION PACKAGE

If the request to modify the proviso is associated with a decision package, please identify it by name and the "Governor" version number.

Ex. "Redesign Licensing System – 70"

OTHER AGENCIES AFFECTED

If other agencies would be affected by the recommended action, please identify them and discuss the potential impact.