

# STATE OF UTAH

## FY 2009 AND FY 2008 SUPPLEMENTALS

### BUDGET GUIDELINE HIGHLIGHTS

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#### OVERVIEW

- Revenue growth for FY 2008 and FY 2009 looks promising. However, given the cyclical nature of revenue growth, the appropriations limitation, the earmarking of sales and use tax for transportation, other mandatory commitments, and potential reductions in federal funding, new revenue available for FY 2009 ongoing and FY 2008 supplemental budget increases will be limited.

#### REQUESTS FOR ADDITIONAL FUNDING

##### *Existing Program Requests:*

**Requests for existing programs must be submitted based on the following criteria:**

- Mandatory Items
  1. Federal mandates or federal match rate changes
  2. Caseload growth for federal or state mandated programs
  3. Existing critical programs for which an imminent risk to public health and safety exists
  4. Replacement of one-time funding for critical ongoing programs
  5. Restoration of General Fund and/or Education Fund to programs temporarily funded through restricted funds
- Other Items
  1. Other additional **requests directly related to the Governor's priorities may be considered.**

##### *New Program Requests:*

**Requests for new programs must be submitted based on the following guidelines:**

- Mandatory Items
  1. Federal mandates
  2. Critical programs for which an imminent risk to public health and safety exists
- New programs funded from federal funds, dedicated credits, fixed collections, and/or restricted funds must be submitted to GOPB as a request for a budget increase using Form 400 or Form 600.
- Any requests for additional FTE should include salary, benefits, and related current expenses (including the DHRM ISF rate).
- Other additional **requests directly related to the Governor's priorities may be considered.** Funding that requires state funds (i.e. General Fund or Education Fund) for new programs (including those proposed through legislation) must be submitted to GOPB as a request for a budget increase using Form 400 or Form 600.

##### *Other Requests:*

- **Budget requests that deal with compensation for specific job codes or agencies should not be submitted. All compensation issues will be coordinated at the statewide level.**
- **All funding requests, including requests external to state government, need to be submitted through a state agency.**

***Legislation with Fiscal Impact:***

- The Governor's budget recommendations will include funding for legislation he supports. Only legislation that has been reviewed in the budget process will be considered for inclusion in the budget. An agency supporting legislation with a fiscal impact must submit a Form 400 or a Form 600.

***FY 2008 Supplemental Requests:***

- Request for FY 2008 supplemental funding should follow the general guidelines listed above, regarding mandatory and other items. Because of the current FY 2008 appropriation limitation cap, recommended FY 2008 supplementals will be limited.

***Priority Ranking of Budget Requests by Agency:***

- All budget requests including all mandatory items, legislation with fiscal impact, and new programs must be ranked in priority order in one list for each fiscal year (FY 2008 and FY 2009) No rank distinction should be made between ongoing and one-time items.

**OTHER CRITICAL AREAS OF GOPB REVIEW FOR FY 2009**

- Increases in FTE growth
- Increases/decreases in non-state funds, including federal funds, dedicated credits, fixed collections, and/or restricted funds
- Changes in nonlapsing fund balances and proposed uses

**DUE DATES (SEE PAGE 7 FOR THE FULL DUE DATES CALENDAR)**

- Building projects to DFCM **Friday, July 13, 2007**
- IT budget requests to DTS **Monday, August 20, 2007**
- Forms 400 and 600 **Monday, September 4, 2007**
- Final budget request package **Monday, September 24, 2007**
- Federal Funds Summary **Monday, September 26, 2007**

# STATE OF UTAH FY 2009 BUDGET GUIDELINES

## GUIDELINES PURPOSE AND AUTHORITY

### **PURPOSE**

These guidelines instruct entities on the procedure for preparing budget requests to the Governor. The Governor will review the requests, then prepare and submit his budget recommendations to the Legislature.

### **AUTHORITY**

These guidelines are issued under the authority of and pursuant to Utah Code 63-38-2(7)(a):

For the purpose of preparing the budget, the Governor shall require from the proper state officials, including public and higher education officials, all heads of executive and administrative departments and state institutions, bureaus, boards, commissions, and agencies expending or supervising the expenditure of the state monies, and all institutions applying for state monies and appropriations, itemized estimates of revenues and expenditures. The Governor may also require other information under guidelines and at times as the Governor may direct.

*Any entity desiring an appropriation must follow the Governor's guidelines.*

## INFORMATION SHARED WITH LEGISLATURE

To ensure consistency and accuracy of data, all agencies shall provide copies of any financial-related information requested by the Legislature to **their GOPB analyst** before submitting it to legislative staff. This should occur throughout the year and not just during the budget process.

Methods of calculating various financial information have been agreed upon by GOPB and the LFA. GOPB assistance is required when making financial calculations that will be presented to the Legislature.

Providing the Legislature with inconsistent numbers undermines an agency's credibility and trust, which are vital to the budgeting process. Inconsistencies increase the likelihood that budget requests will not be funded.

Agency financial information that is different from information calculated by GOPB should not be provided to the Legislature or other groups until a reconciliation of the differences is made and approved by GOPB.

*It is critical that financial information shared by agencies with the Legislature be first given to GOPB and that it be consistent with any financial information calculated by GOPB.*

## FY 2009 BASE BUDGET

The FY 2009 base budget is calculated by starting with the FY 2008 General Fund, Education Fund, restricted funds, and Transportation Fund appropriations and reducing those amounts for one-time appropriations. The FY 2009 base budgets for these funds are shown in Tables 1 through 5.

*Budgets should be built on FY 2008 funding levels minus one-time appropriations.*

*ISF rates should be incorporated into the budget.*

As with other ISF, agencies should budget for DHRM and DTS services based on anticipated utilization and FY 2008 rates. GOPB will evaluate FY 2009 ISF rate increases to determine statewide funding adjustments.

### **ONE-TIME APPROPRIATIONS**

Column *b* in Tables 1 thru 5 shows the amount for one-time appropriations that must be backed out of FY 2008 appropriations for General Fund, Education Fund, Transportation Fund, and restricted funds.

*Base budgets are adjusted for number of working days.*

### **WORKING HOURS**

There are 2,088 working hours in FY 2009, as there were in FY 2008. Therefore, the FY 2009 base budgets will not need to be adjusted by an extra working day.

*Non-state funds will be used for compensation and benefit increases.*

### **NON-STATE FUNDS**

Agencies are to reserve a portion of their non-state funds (i.e., federal funds, dedicated credits, fixed collections, and restricted funds) to cover compensation and benefit changes. See the discussion under the heading "Personal Service Increases" for more information.

*No new non-state funded programs without prior approval.*

Agencies may not start or begin participation in non-state funded programs or activities without GOPB approval. Such financing may obligate or commit the State to eventually spend state funds. Requests to enter into such programs must be made using Form 400, *Request for Increase in Funds for FY 2009 Budget*.

*Absorb inflation within base budgets.*

### **INFLATION**

Agencies are to fund inflationary increases for FY 2009 within existing budgets. GOPB may budget appropriate amounts for increases in statewide ISF rates.

*IT requests due to DTS by Aug 20.*

### **INFORMATION TECHNOLOGY REQUESTS**

Requests for funding of projects, where the majority of the project is information technology related, must be submitted to the Department of Technology Services by **August 20**.

*Building Projects not submitted to DFCM will not be included in the Governor's budget.*

### **CAPITAL DEVELOPMENT - BUILDING PROJECTS**

Agencies requesting a building project for FY 2009 **must** submit a Needs Statement to DFCM by **July 13**. After review, DFCM will forward those statements to GOPB and the Building Board for further analysis. **State and non-state funded building projects not submitted to DFCM and the Building Board for review will not be included in the Governor's budget.**

## **FEDERAL FUNDS**

Any agency currently receiving federal aid or planning to receive federal aid in the future must complete a Federal Funds Request Summary Report. These reports will be sent out separately by the GOPB budget analysts to each agency with specific instructions, and must be completed by **September 26, 2007**. The report should not be included in the budget request package. It should be turned in electronically by the due date.

*Federal grants exceeding \$10 million require legislative approval during the session.*

Any federal grant application in excess of \$10 million in federal funds, or \$1.0 million in state match, or requiring 11.0 or more additional permanent employees, **must be approved by the entire Legislature during the general session through the Federal Funds Request Summary Report.**

*Federal grants with a state match exceeding \$1 million require legislative approval during session.*

Without prior approval from GOPB and, where applicable, the Legislature, agencies may not begin a new program with federal aid, particularly if it creates an expectation that the State will maintain or continue this program or its infrastructure when the grant expires or is reduced.

*New federal programs may not be implemented without approval.*

Also, agencies may accept or use federal aid only for programs that are consistent with the needs and goals of the State and its citizens and that are not prohibited by the provisions of state law. For more information on accepting federal aid, see 63-38e-101-204 of the *Utah Code*.

All applications for federal aid must be submitted to GOPB for review and approval throughout the year. Submissions will be compared to entries in the Federal Funds Summary Report to assess changes. GOPB will work with the LFA to ensure applications needing legislative action are reviewed by the Executive Appropriations Committee in a timely manner during the interim.

## **APPROPRIATED LOAN FUNDS**

*Agencies must submit loan program data.*

Any agency that manages a loan or grant fund should include estimates for revenue, expenditures, and loan amounts in its budget packages whether or not the funds are appropriated.

## **PERSONAL SERVICES**

### **VACANCIES AND TURNOVER SAVINGS**

Budget for and fund only those vacancies that are likely to be filled in FY 2008 and FY 2009. Do not include contingency positions, i.e., positions that, regardless of funding source, will only be filled under unusual or unanticipated circumstances. The inclusion of contingency positions could lead to funding reductions through the elimination of those positions by GOPB or the LFA.

GOPB will not recommend positions that are not fully funded.

*Turnover savings must be budgeted.*

Agencies should budget turnover savings for each program. Turnover savings reflect the amount of money saved when a budgeted position remains unfilled or is under-filled. Turnover savings should be shown as a negative dollar amount in each program's personal services budget.

## PERSONAL SERVICES INCREASES

Agencies should submit budget requests based upon FY 2008 benefit and salary rates.

Funding sources for the recommended compensation package and changes in benefit rates will be determined from the information included on Forms 334 and 335 (Detail of One Percent Change). The following should be considered when completing these forms:

*Federal funds, dedicated credits, and other non-state funding will also be used to fund compensation.*

1. Compensation and benefit rate changes should be funded using the same funding ratio as the base budget for each program (taking into account pass-through federal and other funding). Programs with non-state funds (e.g., dedicated credits, restricted funds, federal funds, mineral lease revenue, and fixed collections) must set aside revenue from these sources to cover compensation and benefit changes.
2. If a program has insufficient non-state funding to cover its proportional share of personal services increases, it should consider raising fees, creating greater efficiencies, or reducing services to cover compensation cost increases. General Fund will not be used to replace or supplement other funding sources.

## FTE CALCULATIONS

Authorized and request year full-time equivalent (FTE) counts should be comparable to actual year counts. Actual year FTE will be calculated by the Division of Finance for FY 2007 by dividing the total number of hours your agency paid by 2,080.

An FTE, by definition, equals the number of regular hours available for work during a given year. For FY 2008 and FY 2009 this equals 2,088 hours. For FY 2007 and most other years this equals 2,080 hours.

*Follow standard rules to report FTE counts.*

When calculating FTE for your agency for FY 2009 (and for entering FTE into Budget Prep), use the following rules:

1. Include all **permanent positions**, including seasonal, in FTE counts:
  - A full-time, year-round position is equivalent to 1.0 FTE.
  - For part-time, year-round positions, divide the annual hours worked by 2,088. A person budgeted to work 15 hours per week year-round is .375 FTE, or  $15 \text{ (hours)} * 52 \text{ (weeks)} / 2,088$ .
  - For full-time, part-year positions, divide the annual hours worked by 2,088. A person budgeted for six months at 40 hours per week is .50 FTE, or  $40 \text{ (hours)} * 26 \text{ (weeks)} / 2,088$ .
2. **Do not** include the following in FTE counts:
  - Board and commission members
  - Legislators
  - Temporary positions (AJ positions that are nine months or less)
  - Contracted positions
  - Overtime funded from turnover savings

When determining FTE for your agency for FY 2008 (and for entering into Budget Prep), use these same rules as FY 2009 outlined above.

*Additional vehicles must be requested through the budget process.*

## **VEHICLE REQUESTS**

Agencies wishing to increase the number of vehicles in their fleet must do so through the budget process. This can be done by requesting intent language (Form 104), by requesting nonlapsing spending authority (Form 210), or by requesting new ongoing funding (Form 400). Regardless of the funding source, the agency should work with GOPB and the LFA to accurately reflect the anticipated number of vehicles in the LFA report to the appropriations subcommittee.

*Additional emphasis on performance measures.*

## **PERFORMANCE MEASURES**

Agencies are required to provide an inventory of existing performance measures used to evaluate the effectiveness and efficiency of each program. These may be the same measures used in the balanced scorecard. The LFA will use performance measures submitted with budget requests in its written budget presentations. Please use Form 361 to list the performance measures used by each agency.

*Submit all known legislation to GOPB with the budget package.*

## **LEGISLATION**

### **BILLS**

Agencies must submit a summary of any upcoming legislation on Form 105 by **September 24, 2007**. This includes legislation *with and without a fiscal impact and bills proposed by others outside your agency*. The summary will be reviewed by the Governor's senior staff and GOPB. If drafted, a copy of the legislation should be included with the summary.

The Governor's budget recommendations will include funding for legislation he supports. Only legislation that has been reviewed in the budget process will be considered for inclusion in the budget.

*Submit intent language requests to GOPB.*

### **INTENT STATEMENTS**

Agencies desiring legislative intent statements must submit them on Form 104 for approval along with their budget requests by **September 26, 2007**.

*Specific forms and Budget Prep reports must be submitted to GOPB.*

## **REQUIRED BUDGET FORMS AND REPORTS**

The required forms and Budget Prep reports for Budget Prep users are shown in Appendix One. *It is suggested that agencies submit Budget Prep files electronically to GOPB for review and approval before printing and submitting hard copies of reports.* The required forms for non-Budget Prep users are shown in Appendix Two.

*Review of cost drivers impacting budgets.*

All agencies should use Form 102 to provide a one page executive summary of the significant cost drivers impacting agency budgets. This form is intended to provide GOPB and the Legislature with a broad understanding of current and future budget concerns and impacts. Responses *should not* justify building block and/or supplemental requests, but should discuss agency-wide issues that will affect current and future budgets.

## DEADLINES

Below is a planning and budget calendar for the FY 2009 budget cycle. Deadlines for the submission of budget data begin **September 4, 2007** and continue through **September 24, 2007**. Required data must be submitted on or before the specified due date.

Agencies not using Budget Prep are required to submit electronic data in a Budget Prep-compatible format. That data is due on or before **September 24, 2007**.

Task forces, commissions, and study groups that have recommendations or requests that fiscally impact the State and want them to be considered in the Governor's recommendations process, should submit recommendations through the appropriate agency to GOPB by **September 4, 2007**.

<b>FY 2009 PLANNING AND BUDGET CALENDAR</b>	
<b>- 2007 -</b>	
May 23 - 25	Budget Prep Beginning Training
June 8	Guidelines Released
<b>July 13</b>	<b>Building Project Needs Statements due to DFCM</b>
August 16	Statewide ISF Rate Approval Meeting (proposed changes)
<b>August 20</b>	<b>IT requests due to the Department of Technology Services (DTS)</b>
August 23	Statewide ISF Rate Approval Meeting (proposed changes)
Aug. 28 & 29	Budget Prep Beginning Training
August 30	Final ISF Rate Committee Meeting (if needed)
August 30	Budget Prep Beginning Training
September 4	DAS submits completed ISF forms to Division of Finance for review
<b>September 4</b>	<b>Preliminary Requests Forms 400 (Bldg. Block) and 600 (Supplemental) Due to GOPB Budget Analyst</b>
September 7	Corrections, Human Services, Natural Resources, Agriculture, and Public Ed submit completed ISF forms to Division of Finance for review
<b>September 24</b>	<b>Final Budget Package Due to GOPB Budget Analyst</b>
September 24	Summary of Upcoming Legislation due
September 24	Performance Measures Inventory due
September 24	Form 102 - Summary of Significant Cost Drivers Affecting Budgets due
September 26	Federal Funds Summary due to GOPB federal funds analyst
October 3	Building Board Hearings on Capital Development Projects
October 18	Building Board Prioritization and Recommendations
Oct. 22 - Nov. 2	Governor's Budget Briefings (tentative dates)
December 1	Last Day for Governmental Entities to File Bills
Mid-December	Governor's Recommendations Released
December 12	Executive Appropriations Committee sets Legislative Priorities
<b>- 2008 -</b>	
January 21	Legislative Session Begins
March 5	Legislative Session Ends