

Fiscal Year 2006

Operating Budget Instructions
for
Executive and Administrative Agencies,
Appellate Courts, and
Judicial Branch Agencies

Legislative Budget Board
Governor's Office of Budget, Planning and Policy
October 2005

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Introduction

The 2006–07 General Appropriations Act (Senate Bill 1, Article IX, Sec. 7.01, Seventy-ninth Legislature, Regular Session, 2005) provides that itemized operating budgets be filed with the Governor’s Office of Budget, Planning and Policy (GOBPP) and the Legislative Budget Board (LBB) each fiscal year. Please note that the term “state agency” or “agency” used throughout these instructions includes the appellate courts. The guidelines and samples included in this document should help in the preparation of the fiscal year 2006 operating budget.

The Summary of Budget by Strategy report will reflect the appropriation pattern contained in Senate Bill 1 for each agency. Any adjustments to the amounts appropriated, i.e., Regular Appropriation, in Senate Bill 1 for fiscal year 2006, should be reflected in the method of financing. For each method of finance, enter the Regular Appropriation amounts from the General Appropriation Acts. Specifically, enter the Regular Appropriation amounts from the published version of House Bill 1, Seventy-eighth Legislature, Regular Session, 2003, for fiscal years 2004 and 2005 and from the Conference Committee Report on Senate Bill 1 (May 2005), which can be found on the LBB website (www.lbb.state.tx.us), for fiscal year 2006. Changes in appropriated amounts due to the enactment of House Bill 10, Seventy-ninth Legislature, Regular Session, 2005; House Bill 1, Seventy-ninth Legislature, First Called Session, 2005; House Bill 11, Seventy-ninth Legislature, Second Called Session, 2005; the Governor’s Veto Proclamation; bills passed in special session; the most recent projections of federal and other estimated funds, including federal reimbursements; and any other funds available for expenditure that were not foreseen at the time Senate Bill 1 was enacted should be reflected in the operating budget and itemized in the Summary of Budget by Method of Financing report. Other adjustments relating to Article IX provisions should be made to the extent that they are known when the operating budget is filed.

These instructions and the instructions for entering data into the Automated Budget and Evaluation System of Texas (ABEST) are available on the LBB website (www.lbb.state.tx.us) by going to Online Reporting for Agencies/Agency Instructions/Operating Budget. Any questions regarding these instructions should be directed to the assigned analyst in either budget office.

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Part I. General Operating Budget Instructions

What's New

These instructions are similar to those used for preparing operating budgets for fiscal year 2004, except for the following notable differences:

- ▶ The reference for “Regular Appropriation” for each method of finance for fiscal year 2006 is the Conference Committee Report on Senate Bill 1 (May 2005) as found on the Legislative Budget Board website instead of the published version of Senate Bill 1.
- ▶ The Summary of Budget by Method of Financing includes a new section which reconciles the number of full-time-equivalent (FTE) positions.
- ▶ All Article VIII agencies are required to complete the Estimated Revenue Collections Supporting Schedule.
- ▶ The Retirement Incentives Schedule is deleted.

Changes that are new to operating budgets but were included in LAR instructions include:

- ▶ A schedule for the collection of information related to homeland security expenditures has been added.
- ▶ A schedule for tracking federal funds across federal and state fiscal years has been added.

Certification of Dual Submissions

The operating budget is submitted both electronically, through the Automated Budget and Evaluation System of Texas (ABEST), and in bound paper copy. The budget submitted in ABEST is the official request. A certification of the content of the dual submissions, and assurance that the electronic and paper copy are one and the same, must be provided to the two budget offices within seven (7) days of the electronic filing. In the event of a discrepancy between the electronic and paper copies, the electronic copy will be presumed correct. The certification form may be printed from the LBB website at Online Reporting for Agencies/Agency Instructions/Operating Budget/Appendix I.A. Certificate.

If an office is headed by an elected official, the first assistant may sign for the elected official.

Electronic Submission

Agencies will submit operating budgets for fiscal year 2006 electronically, through the Automated Budget and Evaluation System of Texas (ABEST), to the Legislative Budget Board. Agencies will submit bound paper copies to the Governor’s Office of Budget, Planning and Policy; to the Legislative Budget Board; and to other offices requiring copies of operating budgets (see page 6 for a list).

Instructions for entering operating budget data in ABEST may be found on the LBB website at www.lbb.state.tx.us, *Operating Budget Submission Instructions for ABEST* (October 2005). Please note that these instructions call for the submission of performance measures information as well as funding data.

Part I. General Operating Budget Instructions (continued)

The operating budget will include up to nine (9) ABEST reports and one Excel worksheet. ABEST data will be entered into various data-entry screens. The following table lists the nine (9) reports and the corresponding data-entry screen or screens for each report. Data-entry screens used in entering data for the Legislative Appropriations Request are also used for the corresponding operating budget reports.

ABEST Data-entry Reference

Report	Data-entry Screen
Budget Summaries	
Summary of Budget by Strategy	Strategy Requests
Summary of Budget by MOF	Summary of MOF Requests/Summary of FTE
Summary of Budget by OOE	Strategy Requests
Summary of Budget Objective Outcomes	Objective Outcomes
Strategy-level Detail	Strategy Requests/Measures (all types)
Supporting Schedules	
Capital Budget Project Schedule	Capital Project Financing/Capital Project Strategy Allocation
Federal Funds Supporting Schedule	Strategy Request/Fed Funds Support Sched
Federal Funds Tracking Schedule	Federal Grant Year
Estimated Revenue Collections Supporting Schedule	Est Rev Collections Sched

The Homeland Security Funding Schedule is an Excel spreadsheet on the Legislative Budget Board and Governor's Office of Budget, Planning and Policy websites.

Assembly and Distribution of Copies

Assembly

For bound paper copies of the operating budget, all pages, whether produced using ABEST reports or spreadsheets should be on letter-size paper (8½ x 11) and bound along the left margin in a document with a durable cover. See Page 1 of Appendix I.B. for a sample cover sheet. The operating budget should be printed on both sides, numbered, and assembled in the manner described in these instructions.

These instructions and Excel Spreadsheets may be accessed via the LBB website (www.lbb.state.tx.us). Agencies may create and modify these forms as needed as long as the basic information and structure are maintained. ABEST reports are generated through the Internet. For additional information, refer to instructions contained in *Operating Budget Submission Instructions for ABEST* (October 2005) or contact the ABEST Help Desk at (512) 463-3167.

It is suggested that documents be assembled in the following order:

- (1) Cover and Title Sheet
- (2) Table of Contents
- (3) Budget Summaries
- (4) Strategy-level Detail
- (5) Substrategy Information (if required)
- (6) Supporting Schedules
 - Capital Budget Project Schedule
 - Federal Funds Supporting Schedule
 - Federal Funds Tracking Schedule (if required)
 - Estimated Revenue Collections Supporting Schedule (if required)
 - Homeland Security Funding Schedule

Assembly and Distribution of Copies (continued)

Distribution

The operating budget is submitted to the LBB electronically once agencies change their status in ABEST to “complete.” Bound paper copies of the operating budget, and any supplemental (that is, non-ABEST) information required by either the LBB or the GOBPP, should be filed as follows:

Legislative Budget Board Robert E. Johnson Bldg, 5 th Floor <i>(P. O. Box 12666, Austin, TX 78711)</i> <i>LAR@LBB.STATE.TX.US</i>	Electronic Filing and Two Bound Paper Copies
Governor’s Office of Budget, Planning and Policy 1100 San Jacinto, 4 th Floor <i>(P. O. Box 12428, Austin, Texas 78711)</i>	Two Bound Paper Copies
Legislative Reference Library State Capitol, Room 2N.3 <i>(P.O. Box 12488, Austin, Texas, 78711)</i>	One Bound Paper Copy
Comptroller of Public Accounts L.B.J. Building <i>(P.O. Box 13528, Austin, Texas, 78711)</i>	One Bound Paper Copy
Texas State Publications Clearinghouse, State Library Lorenzo de Zavala State Archives and Library Building <i>(P.O. Box 12927, Austin, Texas, 78711-2927)</i>	As Required by Statute

Part II. Operating Budget Summaries

Purpose

These reports summarize the agency's total operating budget and method of financing, show the associated outcome measures, and reconcile expenditures and budgeted amounts to the original appropriations.

General Information

The Budget Summaries include four reports. The reports include data for fiscal years 2004, 2005, and 2006.

Entering the Data to Generate the Reports

The Budget Summaries consist of data for four Automated Budget and Evaluation System of Texas (ABEST)-generated reports. The names of the ABEST data-entry screens associated with each summary report may be found in the ABEST Data Entry Reference table on page 4. Reports may be run at any time. The agency status does not have to be set to "complete."

II.A. Summary of Budget by Strategy reflects the agency's goal and strategy appropriation pattern from Senate Bill 1, Seventy-ninth Legislature, Regular Session. It contains information on 2004 and 2005 actual expenditures, including accruals and encumbrances, and budgeted 2006 expenditures.

The 2006 appropriated amounts, as reflected in the

Conference Committee Report on Senate Bill 1 (May 2005) on the LBB website, should be adjusted to reflect the most recent projections of funds, including the following:

- Latest estimates of Federal Funds and federal reimbursements;
- Changes in revenue estimates affecting appropriations;
- Appropriating riders in agency bill patterns, and Special and General provisions;
- Governor's Veto Proclamation;
- Other legislation enacted by the Seventy-ninth Legislature, including special sessions, that makes or reduces appropriations to the agency;
- Any funds that are specifically authorized for expenditure on agency operations such as appropriated unexpended balances authorized by agency riders, Article IX provisions, or legislation such as House Bill 10, Seventy-ninth Legislature, Regular Session;
- Budget reductions and transfers mandated by Special and General Provisions in the General Appropriations Act (GAA);
- Executive orders; and
- Lapsed funds.

Important

- ▶ Amounts reported for fiscal years 2004 and 2005 include **expenditures plus accruals and encumbrances** payable from respective fiscal years.
- ▶ Amounts reported for fiscal year 2006 include the agency's best estimate for anticipated expenditures.
- ▶ Transferred programs should be reflected by the receiving agency in all years.

See Summary of Budget by Strategy sample report on page 1 of Appendix II.A.

Part II. Operating Budget Summaries (continued)

II.B. Summary of Budget by Method of Financing (MOF) summarizes the agency's method of financing and allows the LBB and the GOBPP to reconcile the original appropriation with the final expended or adjusted budget amounts. Each method of financing is assigned to a category of fund (General Revenue Funds, General Revenue-Dedicated Funds, Federal Funds, and Other Funds). Each method of financing is further detailed by Type of Appropriation (Regular, Rider, Transfers, etc.). See Categories of Funds and Types of Appropriation in the Method of Financing section.

For each method of financing, enter the Regular Appropriation amounts from the General Appropriations Acts. Specifically, enter the Regular Appropriation amounts from the published version of House Bill 1, Seventy-eighth Legislature, Regular Session, 2003, for fiscal years 2004 and 2005 and from the Conference Committee Report on Senate Bill 1 (May 2005), which can be found on the LBB website, for fiscal year 2006.

In addition to the method of financing summary entered by the agency, the report also reconciles the full-time-equivalent (FTE) positions as reported in agency strategies. See Summary of Budget by Method of Financing sample report on page 1 of Appendix II.B.

II.C. Summary of Budget by Object of Expense (OOE) summarizes the agency's budget by object of expense codes to display the goods and services purchased by the agency. Eighteen objects of expense, as listed in *ABEST Object of Expense Codes*, will be used for this report. See Summary of Budget by Object of Expense sample report on page 1 of Appendix II.C.

II.D. Summary of Objective Outcomes summarizes agency outcome measures. Enter actual performance for fiscal years 2004 and 2005. For budgeted fiscal year 2006, enter the agency's **current projected performance** for each outcome measure. In instances where the current estimate is not the same as the 2006 targeted performance identified in the 2006–07 General Appropriations Act, **updating the current estimate does not constitute a request to change the target**. See the Summary of Objective Outcomes sample report on page 1 of Appendix II.D.

Important

- Be sure to show any authorized unexpended balances carried forward into the second year of the biennium, or between two biennia (from one biennium to the next), from each method of financing.
- An agency purchasing goods or services from another state entity uses the original method of financing (general revenue, federal funds, etc.). The agency acting as the vendor or provider of goods or services uses interagency contracts as the method of financing.

Checklist Items

Yes

- Does the report reflect appropriate and specific Article IX, General Appropriations Act provisions, end of article Special Provisions, agency-specific riders and vetoes?
- Does the report include all transfers, including interagency transfers?
- Does method of financing reconcile to the 2004–05 and 2006, as reflected in the Conference Committee Report on Senate Bill 1 (May 2005), method of financing structure?
- Does the report include rider appropriations, such as unexpended balances, and emergency appropriations?
- Does method of financing indicate lapsed appropriations and revised receipts?
- Does "Full-Time-Equivalent Positions" equal the sum of FTEs in each strategy and reflect applicable reductions required by Article IX, Section 6.14 (a)(2) (2006–07 GAA)?
- Does the report reflect applicable Retirement Incentive transfers for fiscal years 2004 and 2005?

Method of Financing

Purpose

The method of financing section in each applicable report identifies the source from which funds have been appropriated, expended, or budgeted.

General Information

The method of financing section should identify all of the method of financing (MOF) codes from which funds have been appropriated, expended, or budgeted. These codes are found in *Method of Financing Codes*, available on the LBB website (www.lbb.state.tx.us/) under Online Reporting for Agencies/Reference Documents. Consult with the budget offices (Legislative Budget Board or Governor's Office of Budget, Planning and Policy) if you have questions about which MOF code to use for a particular source of funds.

The Summary of Budget by Method of Financing report allows the budget offices to reconcile the final expended amounts for fiscal years 2004 and 2005 and the budgeted amounts for fiscal year 2006 with the General Appropriations Acts for these years. To provide the necessary level of detail, this section should identify the MOF code for all amounts included in the operating budget. The MOF code cited should reflect the fund category applicable to the year in which the amounts were appropriated. In addition, this schedule allows agencies to reconcile the number of full-time-equivalent (FTE) positions for each fiscal year. See Summary of Budget by Method of Financing sample report on page 1 of Appendix II.B.

Important

For each method of financing, enter the Regular Appropriation amounts from the General Appropriations Acts. Specifically, enter the Regular Appropriation amounts from the published version of House Bill 1, Seventy-eighth Legislature, Regular Session, 2003, for fiscal years 2004 and 2005 and from the Conference Committee Report on Senate Bill 1 (May 2005), which can be found on the LBB website, for fiscal year 2006.

Categories of Funds

There are four categories of funds used in ABEST: General Revenue, General Revenue-Dedicated, Federal, and Other. *Method of Financing Codes* assigns each MOF code to a particular category of fund, and ABEST subtotals amounts in the operating budget by category of fund. See LBB website for list of MOF codes.

General Revenue Fund. These include all **nondedicated** General Revenue Funds and accounts, as well as Earned Federal Funds.

Earned Federal Funds. All federal funds received as a reimbursement for previous expenditures and all federal funds received in connection with a federally-funded program are treated as general revenue when the governing agreement does not require the funds to be spent on that program. Earned Federal Funds include, but are not limited to, indirect cost receipts and interest earned on advances of federal funds. (See Article IX Sec. 6.01[a][2006–07 GAA], for a complete definition.) The MOF code for Earned Federal Funds is 0888.

Tobacco Settlement Receipts. Use the appropriate MOF codes for funds received as tobacco settlement receipts that are not dedicated.

Method of Financing (continued)

General Revenue-Dedicated Funds. These include all **dedicated** General Revenue accounts. The MOF codes in *Method of Financing Codes* incorporate changes made by Senate Bill 1605, Seventy-ninth Legislature (relating to the creation and re-creation of funds . . .) and provide a complete listing of the General Revenue–Dedicated accounts.

Federal Funds. These include all revenue received from the federal government that is not classified as Earned Federal Funds. The MOF code for most federal funds is 0555. Federal reimbursements related to natural disasters should be reflected as Federal Funds.

Other Funds. These include appropriated receipts, interagency contract revenue, bond proceeds, and certain constitutionally or statutorily dedicated funds (which should be itemized using MOF codes from *Method of Financing Codes*).

Appropriated Receipts. This includes all receipts—such as fees, reimbursements, and other revenue—received for an authorized service and appropriated to the agency usually to offset costs of providing the service. The MOF code for most appropriated receipts is 0666.

The method of financing section in the Summary of Budget by Method of Financing report should itemize Appropriated Receipts by specific appropriation authority, such as Article IX, Sec. 8.03 Reimbursements and Payments; Sec. 8.04 Surplus Property; or Sec. 8.08 Appropriation of Collections for Seminars and Conferences (2006–07 GAA).

Interagency Contracts. This method of financing includes funds received from another state agency in exchange for services, material, or equipment through a written agreement and does not include transfer of funds from another state agency due to enactment of legislation which transfers programs. The MOF code for interagency contracts is 0777.

The method of financing section in the Summary of Budget by Method of Financing report should reflect the source of funds applicable to the fiscal year for which the amount was appropriated. An agency purchasing goods or services from another state entity uses the original method of financing (General Revenue, Federal Funds, etc.). The agency acting as the vendor or provider of goods or services uses interagency contracts as the method of financing.

Bond Proceeds. This method of financing includes appropriated funds from authorized general obligation or revenue bond issuances.

Types of Appropriation

There are six types of appropriation. The Summary of Budget by Method of Financing report should include descriptions that identify the appropriation authority for every type of appropriation included in the operating budget. See Summary of Budget by Method of Financing sample report on page 1 of Appendix II.B. for sample descriptions.

Important

For all Federal Fund MOF codes, ABEST requires agencies to enter data at the federal-program level using numbers assigned by the Catalog of Federal Domestic Assistance (CFDA). If a CFDA is not shown in ABEST, contact the Federal Funds Analysis Team at the

Method of Financing (continued)

Regular. These are direct appropriations that are included in the agency's method of financing table in the relevant General Appropriations Act (GAA). For example, Senate Bill 1, Conference Committee Report (May 2005) appropriates \$5,380,524 to the Commission on the Arts for fiscal year 2006, including \$331,905 in Appropriated Receipts and \$970,000 in Interagency Contracts. The Summary of Budget by Method of Financing report would list each amount as a Regular Appropriation under the Other Funds category. In the Summary of Budget by Method of Financing report, MOF codes are organized by category of fund (General Revenue, General Revenue–Dedicated, Federal, and Other). “Regular Appropriations” is the first entry under each MOF code and all other entries are shown as adjustments to this amount. As previously indicated, for each method of finance, enter the Regular Appropriation amounts from the GAAs. Specifically, enter the Regular Appropriation amounts from the published version of House Bill 1, Seventy-eighth Legislature, Regular Session, 2003, for fiscal year 2004 and 2005 and from the Conference Committee Report on Senate Bill 1 (May 2005), which can be found on the LBB website, for fiscal year 2006.

Rider. These include amounts not specifically itemized in the agency's method of financing table in the GAA, but appropriated to the agency by a general, special, or agency-specific provision of an Appropriations Act. General Provisions are found in Article IX of the GAA; Special Provisions are at the end of some articles; and agency-specific provisions are at the end of the agency's bill pattern in the GAA. Show the correct provision for each rider amount.

Important

A rider appropriation does not include instances in which the rider only clarifies the purpose of certain funds appropriated to a strategy in the agency's bill pattern (e.g., the rider states that \$1 million for a particular program is included in the amounts appropriated above).

Supplemental or Special Appropriations. These include any source of legislative appropriations made to an agency not contained in the General Appropriations Acts (for example, House Bill 11, Seventy-ninth Legislature, Second Called Session, 2005; House Bill 1, Seventy-ninth Legislature, First Called Session, 2005; House Bill 10, Seventy-ninth Legislature, Regular Session, 2005; or House Bill 24 and House Bill 28, Seventy-eighth Legislature, Third Called Session, 2003; and House Bill 7, Seventy-eighth Legislature, Regular Session, 2003). Also included in this type of appropriation are Governor's Emergency/Deficiency Grants. These include funds received from an emergency or deficiency grant. Use MOF Code 8000 when the amounts are funded by General Revenue appropriations from the Governor's Office. Use MOF codes for specific General Revenue–Dedicated funds or accounts when the amounts are funded by General Revenue–Dedicated and note the origins in the Summary of Budget by Method of Financing report as a Governor's Emergency/Deficiency Grant.

Transfers. These include appropriations transferred to an agency for expenditure by the agency, and funds transferred from an agency for expenditure by another agency pursuant to a General Appropriations Act, budget execution order, or some other legislative authority. Transfers also include appropriation reductions required by legislation or Article IX provisions. Agencies should indicate funds received as a positive entry and funds transferred as a negative entry.

Each transfer should be listed individually under the appropriate category of fund. The following items **should** be classified as transfers:

- Budget reductions required by House Bill 10, Seventy-ninth Legislature, Regular Session, 2005;
- Budget transfers related to the retirement incentive savings and payments authorized by Article IX, Sec. 12.03 (2004–05 GAA);
- Budget transfers authorized by contingency appropriation provisions, for example, Article IX, Sec. 14.43, Contingency Appropriation for Senate Bill 727 (2006–07 GAA);

Method of Financing (continued)

- Employee salary increases authorized by Article IX, Sec. 13.17 (2006–07 GAA);
- Funds transferred by a budget execution order (do not reference cases in which budget execution authority transfers funds between strategy items within the agency);
- Budget reductions related to longevity payments for return-to-work retirees, Article IX, Sec. 13.16(d) (2006–07 GAA); or
- Disaster related transfers authorized by Article IX, Sec. 13.13 (2006-07 GAA).

The following items **should not** be classified as transfers:

- Benefit Replacement Pay and employee benefits (retirement, group insurance, Social Security) should not be included in the operating budget;
- Unemployment benefit payments, Article IX, Sec. 6.29 (2006–07 GAA) and Article IX, Sec. 6.33 (2004–05 GAA). These payments should be treated as expenditures and included at the strategy level; or
- Amounts transferred under the Statewide Allocated Cost Program, Article IX, Sec. 13.10 (2006–07 GAA) and Article IX, Sec. 11.18 (2004–05 GAA). These amounts **when transferred from appropriated funds** should be treated as expenditures and included at the strategy level.

Unexpended Balances (UB). These are funds carried forward from a prior year’s appropriation as authorized by a specific provision in the General Appropriations Act or other legislative or constitutional authority. (See Article IX, Sec. 6.01[b] [2006-07 GAA] for a complete definition.) Agencies should include unexpended balances by category of fund (including Federal Funds) and indicate amounts unspent and unobligated as a negative entry in the first year and a corresponding positive entry in the next fiscal year. If the UB authority is provided by a rider, it should be cited as a rider type of appropriation (described above; see Summary of Budget by Method of Financing example, page 1 of Appendix II.B.). Otherwise, indicate the specific carryforward authority (usually a designated method of finance or strategy) and list as a UB type of appropriation.

Lapsed Appropriations. Lapsed appropriations are amounts left unspent and unobligated at the end of a fiscal year. Uncollected revenue may be shown as a lapse or a revised receipt in another appropriation type. Do not include amounts identified as unexpended balances. Include amounts that have lapsed as a negative entry in the appropriate columns of the Summary of Budget by Method of Financing report by each method of financing code. Estimate possible lapses for fiscal year 2006.

Full-time Equivalents (FTEs). Agencies are required to submit summary information on FTEs as part of the Summary Budget by Method of Financing report. The FTE summary follows the same format described above for MOFs regarding the source for Regular Appropriation: an agency’s original authorized FTE limit as identified in the 2004–05 GAA for fiscal years 2004 and 2005, and Senate Bill 1 Conference Committee Report (May 2005) for fiscal year 2006. Adjustments should be itemized following the Regular Appropriations using the remaining Types of Appropriation Categories (rider, transfer, etc.) and specific authority for each. If applicable, reduce FTEs by 2 percent as required by Article IX, Sec. 6.14(a)(2) (2006–07 GAA). The end result should reflect the agency’s average FTEs as reported by the State Auditor for fiscal years 2004 and 2005 and budgeted FTEs for 2006.

Part III. Strategy-level Detail

Purpose

This report summarizes historical and projected spending and performance information and links the strategy components to statewide goals.

Entering the Data to Generate the Reports

This is an ABEST-generated report. Goals, objectives, strategies and performance measures included in the Strategy-level Detail report must reflect the budget structure in Senate Bill 1. The names of the ABEST data entry screens associated with these reports may be found in the ABEST Data Reference table on page 4. Please refer to *Operating Budget Submission Instructions for ABEST* (October 2005) for more detailed data entry instructions. Reports may be run at any time. The agency status does not have to be set to “complete.”

Performance Measures. The Strategy-level Detail report documents an agency’s actual performance for all performance measures for fiscal years 2004 and 2005 and budgeted performance levels for fiscal year 2006. For 2006 budgeted performance, report the agency’s projected performance for all measures, both key (those cited in the General Appropriation Acts) and non-key (those not included in the General Appropriation Acts, but that are a part of the agency’s approved strategic planning and budget structure). Projected performance should be the agency’s most current estimate, not necessarily the established target included in Senate Bill 1. **Submission of the operating budget does not constitute a request to change the targets established in Senate Bill 1.**

Objects of Expense. Enter strategy costs by the eighteen (18) objects of expense listed and defined in *ABEST Object of Expense Codes* on the LBB website (www.lbb.state.tx.us). Incorporate all direct strategy costs, all capital budget costs allocated to the strategy and other direct capital costs. Refer to the Capital Budget section for more detail on identification and allocation of capital budget expenditures.

Method of Financing. Enter each fund/account and amount used as a funding source for the strategy for expended 2004 and 2005, and budgeted 2006. Refer to *Method of Financing Codes*. Federal funding sources must be detailed by *Catalog of Federal Domestic Assistance* (CFDA) number. See the Federal Funds Supporting Schedule for additional information and clarification regarding appropriate method of financing.

Number of Full-Time-Equivalent (FTE) Positions. Identify the total number of full-time-equivalent positions associated with each strategy and rider appropriation for expended 2004 and 2005, and budgeted 2006. Refer to pages 27–28 of Legislative Appropriations Request (LAR) Instructions - May 2004 for FTE definitions.

Transferred Programs. All fiscal years 2004 and 2005 expended and 2006 budgeted amounts, performance measure data, and FTEs associated with programs transferred by authorization of the General Appropriations Act, budget execution, or other statutory authority from one agency to another should be reported in the receiving agency’s strategy detail and all summaries, as previously indicated. The transferring agency **should not report** any financial or performance data for the transferred program at the strategy request level, but should work with the receiving agency to provide necessary information. The transferring agency **should report** the authorization for the funds reduction in fiscal years 2004, 2005, and 2006 in the Summary of Budget by Method of Finance report only.

Part III. Strategy-level Detail (continued)

Rider Appropriations in the Strategy-level Detail. Appropriation and unexpended balance riders are to be included in the strategy-level amounts for each fiscal year.

Use of Sub-strategies in the Operating Budget

Agencies may be required to submit detailed budget information for certain strategies on a sub-strategy basis. When required, complete the Sub-strategy Detail and Sub-strategy Summary spreadsheets provided in electronic format on the LBB website.

Checklist Items

Yes

- Do the totals for object of expense and method of financing balance for each strategy?
- Are rider appropriations, expenditures and FTEs for fiscal years 2004, 2005, and 2006 included?
- Is the CFDA number and the dollar amount under the heading “Federal Funds” in the method of financing section?
- Were capital acquisitions reviewed to determine whether they should be included in the Capital Budget Project Schedule? (This includes past, present and future acquisitions as well as master-lease purchase program [MLPP] agreements.)

Part IV.A. Capital Budget Project Schedule

Purpose

This report:

- ▶ itemizes capital budget projects;
- ▶ classifies capital budget projects into defined categories; and
- ▶ provides information on historical and budgeted expenditures, method of financing, and type of financing for capital budget projects.

General Information

Each agency that has made expenditures for capital budget projects in fiscal years 2004 or 2005, or that anticipates expending appropriated funds for capital budget projects for fiscal year 2006, shall prepare and include a Capital Budget Project Schedule (see page 1 of Appendix IV.A.). For the purposes of the operating budget, the term “capital budget projects” shall have the definition established on page 43 of the Legislative Appropriations Request (LAR) Instructions - May 2004 (including the Special Instructions for Master Lease Purchase Program [MLPP] Acquisitions and Other Lease-Purchase Payments on page 48).

If applicable, the Capital Budget Project Schedule shall also reflect:

- expenditures for capital budget projects not originally included as part of the capital budget rider provision for an agency;
- expenditures made under additional spending authority provided in Article IX, Sec. 6.16 (2006–07 GAA) and Sec. 6.17 (2004–05 GAA), Limitation on Expenditures - Capital Budget;
- for fiscal years 2004 and 2005, any changes to capital budget projects resulting from provisions of House Bill 10, Seventy-ninth Legislature, Regular Session, 2005; and
- contingency appropriations included in agency-specific riders and Article IX provisions (2006–07 GAA).

Important

- Capital budget projects should reflect all funding sources, including interagency contracts (Code 0777) and federal funds (Code 0555).
- Amounts reflected in Category Code 5005, Acquisition of Information Resource Technologies, should be consistent with the agency’s approved Biennial Operating Plan (BOP).

The Capital Budget Project Schedule is an informational item only and should not be used to request authorization to exceed the capital budget expenditure limitations established by Senate Bill 1 in Article IX, Sec. 6.16, Limitation on Expenditures - Capital Budget.

Any ABEST Object of Expense code may be used for capital costs or for noncapital information costs with the exception that 5000 may not be used for noncapital costs. The object of expense codes should detail asset acquisition costs and noncapital expenditures incurred in the acquisition or required to place the asset in service.

Part IV.A. Capital Budget Project Schedule (continued)

Examples of noncapital expenditures to **include**:

- design consultant services for construction projects or acquisition of Information Resource Technologies;
- surveying fees incurred as part of a land acquisition; and
- installation costs, i.e., remodeling required to house a mainframe computer.

Examples of noncapital expenditures **to exclude**:

- cost of additional full-time-equivalent positions to operate a newly constructed prison; and
- utility, grounds maintenance, and other operating costs for a new facility.

Use Method of Financing (MOF) codes for each project entry. The method of financing should detail the source of funding by fund/account number(s).

- Use Method of Financing Code 0780 for General Obligation Bond proceeds.
- Use Method of Financing Code 0781 for Revenue Bond proceeds.

Use Type of Financing (TOF) codes to indicate the type of financing proposed for each project. Type of financing codes are:

CA - Current Appropriations	ML - Master Lease-Purchase Program (MLPP)
GO - General Obligation Bonds	LP - Other (non-MLPP) Lease-Purchase
RB - Revenue Bonds	

Entering the Data to Generate the Report

This is an ABEST-generated report. Refer to *Operating Budget Submission Instructions for ABEST* (October 2005). Refer to the Data Entry Reference table on page 4 for data entry screen names.

Assign capital budget projects to appropriate capital expenditure categories. After entering the expended or budgeted amounts for each project for fiscal years 2004 through 2006, the ABEST report will group projects by category and create subtotals. See page 1 of Appendix IV.A.

Part IV.B. Federal Funds Supporting Schedule

Purpose

This report:

- shows how federal funds support agency programs;
- provides historical and projected expenditures of federal funding sources;
- assists in analysis of the impact of federal legislation on the state budget; and
- identifies federal funds and related general revenue for employee benefits.

General Information

The Federal Funds Supporting Schedule identifies:

- state agency expenditures and projections of federal funds by program title and *Catalog of Federal Domestic Assistance* (CFDA) number;
- strategy-specific information for each federal program; and
- for agencies expending more than \$10 million in federal funds in fiscal year 2004, additional information related to employee benefits paid with federal funds and **general revenue used as match for employee benefits or maintenance of effort for employee benefits**;

See page 1 of Appendix IV.B. for a sample report.

Entering the Data to Generate the Report

This is an ABEST-generated report. Refer to *Operating Budget Submission Instructions for ABEST* (October 2005). Refer to the Data Entry Reference table on page 4 for data entry screen names. After entering method of financing for each strategy request and all additional required information in ABEST, generate the Federal Funds Supporting Schedule. The agency must set the status of the general budget submission in ABEST to “complete” before generating a final copy of the Federal Funds Supporting Schedule.

Federal Funds

- Include all federal programs used as sources of agency funding.
- Select the appropriate method of financing code to identify federal funds.

Any portion of Federal Funds . . .

passed through to another state agency
or institution of higher education



Should be reported as . . .

federal funds by expending agency.*
(not reported by initial recipient).

passed through to a non-state entity



federal funds by initial recipient.

**Funds received via procurement contracts for goods or services should be reported as interagency contracts (not federal funds).*

- **Funds should be reported as “federal” by the agency expending the funds** (which may not be the original recipient of the federal funds). Exceptions to this policy should be discussed with budget

Part IV.B. Federal Funds Supporting Schedule (continued)

analysts of the Governor's Office of Budget, Planning and Policy (GOBPP) and the Legislative Budget Board (LBB). To ensure accurate counts of federal funds and reflect the actual expenditure of Federal Funds, use the following guidelines to report federal funds flowing through multiple entities:

- Provide the *Catalog of Federal Domestic Assistance* (CFDA) number and title for each source of funding. If a CFDA number cannot be found, call the Federal Funds Analysis Team at the LBB to get a number assigned to the program.
- Provide federal funds amounts for expended 2004 and 2005, and for budgeted 2006.

Additional Funds for Employee Benefits

Agencies expending more than \$10 million in federal funds in fiscal year 2004 must:

- Identify by CFDA program expended 2004 and 2005, and budgeted 2006 amounts for employee benefits paid with federal funds in 2004 (include group insurance, retirement, social security and benefit replacement pay).
- **Identify expended 2004 and 2005, and budgeted 2006 amounts for employee benefits paid with general revenue used as match or maintenance of effort in each federal program (include group insurance, retirement, social security and benefit replacement pay).**
- Do not include any additional funds for employee benefits in the strategy amounts.

Checklist Items

Yes

- Does the report include all federal programs and grants?
- Is the method of financing consistent with the instructions?
- If the agency meets the \$10 million federal funds threshold, does the report include expenditures and estimates for the related employee benefits (federal and state general revenue) for each program?

Part IV.C. Federal Funds Tracking Schedule

Purpose

This report:

- ▶ cross-references annual federal awards with actual and projected state fiscal year amounts;
- ▶ provides historical and projected expenditures of federal funding sources;
- ▶ assists in analysis of the impact of federal legislation on the state budget; and
- ▶ identifies federal funds carried forward from previous fiscal years.

General Information

This is an ABEST-generated report. This schedule will be requested by the LBB or GOBPP analyst on an as needed basis, and the request(s) may be for one or more federal programs by CFDA number and title. See page 1 of Appendix IV.C. for a sample report.

Entering the Data to Generate the Report

Enter the requested information into ABEST. Refer to the Data Entry Reference table on page 4 for data entry screen names. Include any CFDA programs by number and title requested by the LBB or GOBPP analyst.

When entering “Federal Fiscal Year Grant/Award” amounts, begin with the original grant/award year and include all federal fiscal years which had/have funds available for expenditure; i.e., carry forward.

Although additional funds for employee benefits are **excluded** in agency strategy amounts in this Federal Funds Tracking Schedule, additional funds for employee benefits are **included**. **However, use the section at the bottom of this schedule to identify the employee benefit amounts for a given year.**

Checklist Items

Yes

- Do the totals for each state fiscal year equal the annual totals in the federal funds grant/award totals?
- Have you supplied the additional information to identify employee benefits payment amounts?

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Part IV.D. Estimated Revenue Collections Supporting Schedule

Purpose

This report provides detail for actual and estimated revenue collections listed in the Method of Financing, by fund and/or account, for fiscal years 2004, 2005, and 2006.

General Information

Submit this schedule if the agency is instructed to do so by the Legislative Budget Board or Governor's Office of Budget, Planning and Policy. However, all Article VIII, Regulatory agencies, are required to complete this schedule.

Do include all revenues collected by the agency.

Do report Appropriated Receipts in this schedule.

Do report Earned Federal Funds in this schedule.

Do not report other Federal Funds in this schedule. Federal Funds are reported in the Strategy Request and can be printed using the Federal Funds Supporting Schedule.

Entering the Data to Generate the Report

This is an ABEST-generated report. Provide the following information:

- fund or account names and number;
- beginning unencumbered balance of funds or accounts, as applicable;
- total estimated revenue, detailed by revenue code (excluding Federal Funds);
- appropriations requests/transfers from funds or accounts;
- ending fund/account balance, if applicable; and
- assumptions used in projecting revenue.

Refer to the ABEST Data Entry Reference table on page 4 for data entry screen names. See page 1 of Appendix IV.D. for a sample report.

Beginning Balance: For each fund or account, list actual unencumbered beginning balances for fiscal years 2004, 2005 and 2006. If revenues are deposited into a non-specific account in the General Revenue Fund, it is not necessary to calculate a beginning balance. Review Senate Bill 1605, Seventy-ninth Legislature, 2005; 2006–07 GAA; VTCA, Government Code Secs. 403.095 and 2201.003; and other relevant statutes to determine if the fund or account exists.

Estimated Revenue: List actual revenue collections for fiscal years 2004 and 2005 and estimated collections for fiscal year 2006. List collections by revenue source using Comptroller's revenue codes. See reference document, *Revenue Object Codes* available on the LBB website. Revenue sources must include earned federal funds, appropriated receipts and Article IX, General Provisions (2006–07 GAA) receipts specific to your agency.

Estimated revenues may exceed amounts budgeted.

Subtotal Actual/Estimated Revenues: Add all revenue sources.

Total Available: Add "Beginning Balance" and "Subtotal Actual/Estimated Revenues."

Part IV.D. Estimated Revenue Collections Supporting Schedule (continued)

Deductions: List deductions made from the fund/account, including:

- Amounts expended/budgeted including transfers from agency appropriations for Unemployment Compensation payments (50 percent);
- Transfers for employee benefits (50 percent of Unemployment Compensation payments); and
- Rider reductions or transfers, such as Article IX, Sec. 13.17 Salary Increase for General State Employees, (2006–07 GAA), and emergency or deficiency grant amounts.

Do not include deductions comprised of federal funds, since federal funds are excluded from this schedule. Also, **do not** include depreciation costs or other tax deferral mechanisms.

Total Deductions: Add all deductions.

Ending Fund/Account Balance: Subtract “Total Deductions” from “Total Available” to determine Ending Fund/Account Balance. **The ending fund/account balance in a given year is the beginning balance for the next year.** Calculating an Ending Fund Balance is not necessary if revenues are deposited to a non-specific account in the General Revenue Fund.

Revenue Assumptions: List and explain assumptions used in estimating revenue collections **for each fund or account**, including current fee rates, potential increases or decreases in fee rates, and the impact of federal legislation on the collection of fees (e.g., increases in, decreases in, establishment of, or abolition of fees).

Checklist Items

Yes

- Does “Beginning Balance” plus “Estimated Revenue” equal “Total Available”?
- Does expended/budgeted plus miscellaneous deductions equal “Total Deductions”?
- Does “Total Available” less “Total Deductions” equal “Ending Fund/Account Balance”?
- Does “Ending Fund/Account Balance” equal the next year’s “Beginning Balance”?
- Are associated employer benefit costs included in “Total Deductions”?
- Are explanations provided for the revenue assumptions, particularly for changes impacting revenue collections?

Part IV.E. Homeland Security Funding Schedule

Purpose

This schedule identifies expenditures related to homeland security by object of expense and method of financing. Corresponding full-time-equivalent positions are recorded; a description and funding amount for items are included; and attachments listing amounts passed through to local entities and state agencies or institutions of higher education are required. Part A of the schedule covers expenditures related to terrorism; Part B covers expenditures related to natural or man-made disasters.

General Information

This supplemental schedule applies to all agencies and higher education institutions that expend funds on homeland security or pass through funds to other state agencies or institutions of higher education for homeland security.

In determining expenditures related to **Part A**, the following, adapted from the federal definition of “Homeland Security” followed by the Congressional Budget Office and the Administration’s Office of Management and Budget, is to be used.

Homeland security expenditures are funds used to prevent terrorist attacks, reduce vulnerability to terrorism, minimize the damage from attacks that do occur, and assist in recovery from attacks. This effort includes activities such as protection of critical infrastructure and key assets, defense against terrorist threats, emergency preparedness, and response specifically related to terrorism.

Part B is designed to capture the remaining elements of “Homeland Security Activity” as defined in Texas Administrative Code, Chapter 421, Subchapter A. Other homeland security activity expenditures are defined as related to natural or man-made disasters such as wildfires, hurricanes, floods, and tornadoes.

Completing the Form

This is an Excel spreadsheet provided in electronic format on the LBB and Governor’s Office of Budget, Planning and Policy (GOBPP) websites. Upon request of analysts from the LBB or GOBPP, information will be submitted at the strategy level.

Amounts identified in the Object of Expense and Method of Finance should include all funding sources expended by the agency for state homeland security programs. Federal funds passed through to another state agency or institution of higher education should be reported as federal funds by the expending agency (not by the initial recipient). Funds received via procurement contracts for goods or services should be reported as interagency contracts (not federal funds). Federal funds passed through to a non-state entity should be reported as federal funds by the initial recipient.

Funds Passed Through to Local Entities and Other State Agencies or Institutions of Higher Education

Agencies that pass through funds to local entities and state agencies or institutions of higher education must submit attachments that list recipients by year and method of financing, including the *Catalog of Federal*

Part IV.E. Homeland Security Funding Schedule (continued)

Domestic Assistance (CFDA) number for each source of federal funds. Please provide the information for as many years as data is available.

Amounts shown in the attachment for local entities should be included in the expended amounts in the Homeland Security Funding Schedule. However, amounts shown as pass through to other state agencies or institutions of higher education should not be included in amounts reported in the Homeland Security Funding Schedule, since they are not expended by the initial recipient agency.

Use of Homeland Security Funds

List the strategies from which funds are expended and describe the type of activities or expenses included in the amounts (e.g., surveillance, equipment purchases, competitively bid grants, unit or positions supported by the funds, etc.). If relevant, also describe the methodology used for allocating costs to homeland security.