



# OPERATIONAL PLANNING AND BUDGETING

## *Budgeting for Results*

**Operational planning and budgeting involve the task by task scheduling of operations and allocation of resources within a budget or management cycle to implement strategies and accomplish objectives.** Operational planning and budgeting emphasize employment of resources.

**An operating budget is established for operation of a state agency or program and is based on legislative appropriation.** An operating budget is an annual allocation of resources to carry out an operational plan.

Louisiana uses a performance-based, programmatic budgeting approach for development of the state's annual operating budget. Program budgeting, in which funding is appropriated to budget units by program, was implemented in Louisiana in FY 1991-1992. Performance-based budgeting was mandated by Act 1465 of 1997.

Performance-based budgets, like program budgets, are constructed by program but focus on program goals and objectives, measured by outputs, outcomes, efficiency, and quality. Appropriations are not only linked with programs, but also with expected results specified by performance criteria.

Performance-based budgeting is linked with planning and accountability. Operating budgets are based on operational plans derived from long-range strategic plans; they concentrate on producing both short-term results and long-term progress. Performance-based budgeting emphasizes program effectiveness and bases decision making (whether for continuation or enhancement of a program) on outcomes rather than inputs. **Performance-based budgeting is budgeting for results.**

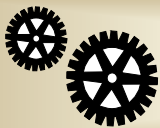


## Payoffs: The Benefits of Performance-based Budgeting Process

Traditionally, the budgets of governmental units have been prepared on a line-item basis in order to provide maximum control over expenditures. However, this is not a useful approach for planning and evaluation. A budget may be in legal compliance with amounts appropriated but fail to expend resources to effectively and efficiently meet the needs of citizens and service recipients.

Performance-based budgeting, however, focuses on the effectiveness, efficiency, and quality of service delivery—the results achieved by the expenditure of allocated resources.

Performance-based budgeting streamlines budgeting and supports quality management by allowing managers more budgetary flexibility while maintaining accountability for the outcomes of programs. Since budget appropriations are to agencies (budget units), by program (that is, funding is allocated for an entire program rather than for individual types of program costs), program managers can more easily shift funds from one expenditure category to another to handle unanticipated needs. Yet financial accountability is retained through the state's automated financial accountability and control system, budget monitoring activities of the Office of Planning and Budget, investigations and management reviews by the Office of the State Inspector General, and financial and compliance audits by the Office of the Legislative Auditor. Performance accountability is stressed throughout the management cycle. Accountability is built into the strategic planning process. Performance is reported through the executive budget and quarterly performance progress reports, evaluated by executive and legislative entities, and audited by the Office of the Legislative Auditor.



## Basics of the Operating Budget Process

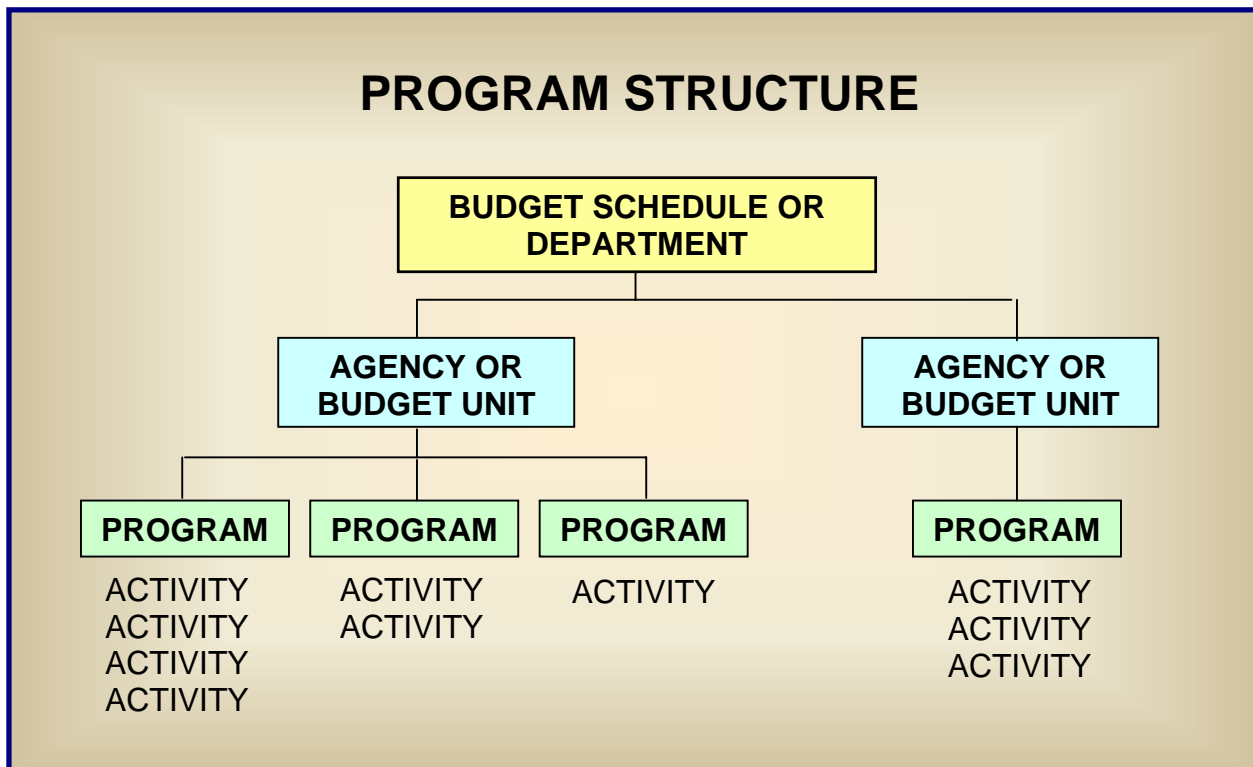
The development of an operating budget is a process of refining or "boiling down" information for decision making at critical points. The operating budget request documents presented by budget units (departments, agencies, or other spending authorities) contain a wealth of detailed information on programs—their means of finance, their expenditures, and their performance. This voluminous material must be condensed into the program narratives, financial analyses, and funding recommendations contained in the governor's executive budget and executive budget supporting document. By the end of the appropriation process, actual program appropriations take up one or two pages in the general or ancillary appropriation act.

Then, following the appropriation process, the amount of information and detail associated with an individual appropriation is expanded for budget implementation and control. Appropriations are spread across accounting units in order to allocate, monitor, and control revenues and expenditures for particular program activities and purposes.

Some program managers may feel isolated from the budget development process once they submit their budget requests to their department bureaucracies for consolidation into the department's budget request and then wait for their section(s) in the executive budget documents and page(s) in an appropriation act. Depending upon the internal accounting process used by an individual agency, managers may or may not be familiar with budget management procedures. For these reasons, this chapter explains the basics of the entire budget process as well as the guidelines for preparing an operational plan and budget request.

## Program Structure

Annual operational plans and budget requests follow agency program structures. Annual appropriations are made to budget units, by program. Program structure should reflect the basic purposes or functions served by an agency. **A program is a grouping of activities that result in the accomplishment of a clearly defined objective or set of clearly defined objectives.** In other words, it is a combination of inputs (resources) producing outputs (services) designed to achieve desired outcomes (objectives). A program may be further delineated into activities; activities are program components representing distinct subsets of functions or services. Programs and activities should not be confused with organizational structure, federal projects, or sources of funding.



**Program structure is an orderly, logical array of programs and activities that indicates the relationship between each.** Program structure will not necessarily correspond to organizational structure or geographical divisions since different organizational or geographical divisions may serve the same basic purpose or end. For budgetary purposes, programs stop at agency boundaries. Program structures may be changed BUT all revisions to program structure must be cleared through

both the OPB and the Legislative Fiscal Office. In addition, an agency's program structure may be modified by the legislature during the appropriation process.



## Major Requirements and Guidelines

Louisiana state government operates on an annual basis. The state's fiscal year commences on the first day of July of each year and ends on the thirtieth day of June of the subsequent year.

Development, appropriation, and execution of annual operating budgets are performed under the authority of and governed by the requirements of both the state constitution and revised statutes (primarily Title 39). The major constitutional and statutory requirements and guidelines for the state's operating budget fall into six areas:

- Revenue estimation
- Need estimation
- Expenditure limitation
- Executive budget development
- Appropriation process
- Operating budget management.



A budget is a plan for receiving and spending funds; it is an allocation of anticipated resources. There are two parts to a budget:

- Means of Financing (what comes in); and
- Expenditures (what goes out).

The goal of budget development is to balance these two parts. The goal of budget management is to keep them in balance.

## Revenue Estimation

Operating budget development in Louisiana is restricted by an official revenue estimate. This official revenue estimate is produced by the constitutionally established Revenue Estimating Conference.

As specified in Article 7, Section 10 of the Louisiana Constitution and Louisiana Revised Statutes (R.S.) 39:22, the Revenue Estimating Conference is made up of the governor, speaker of the house, president of the senate, and a faculty representative (a member of the faculty of a Louisiana college or university) who has expertise in forecasting revenues. (In actual practice, the governor, speaker of the house, and president of the senate rely on staff economists for assistance.)

The Revenue Estimating Conference establishes an official forecast for each fiscal year. A unanimous vote is required to establish the official revenue forecast, which must be based on laws and administrative procedures as they currently exist. Therefore, the conference cannot utilize the continuation of "temporary" revenues or proposed revenue-raising measures in the official revenue estimate. The governor's executive budget cannot exceed the official revenue estimate. Any

proposals by the governor beyond the official forecast must be separate and apart from the executive budget. (See "Executive Budget Development" below for a more complete explanation.)

The conference routinely meets four times a year to establish and refine an official forecast for the ensuing fiscal year and review, and revise if necessary, the official forecast for the current year. However, the conference may meet on an emergency basis as well. Conference meetings are open to the public.

For more information on Louisiana's Revenue Estimating Conference, see R.S. 39:22 *et seq.*

## **Need Estimation**

The Consensus Estimating Conference was created by Act 966 of 1990 to develop official information needed for purposes of planning and budget development. The statutory Consensus Estimating Conference is composed of:

- Economic Estimating Conference;
- Demographic Estimating Conference;
- Education Estimating Conference;
- Criminal Justice Estimating Conference;
- Health and Social Services Estimating Conference; and
- Transportation Estimating Conference.

In recognition of the fact that existing consensus estimating conferences do not address all of the issues for which the state requires official consensus information for the state planning and budget system, Executive Order MJF 01-03 added the following consensus estimating conferences:

- Higher Education Estimating Conference;
- Human Resources Estimating Conference; and
- State and National Data Estimating Conference.

Each of the functional committees is chaired by a staff member of the Office of the Governor and includes principal members from the Division of Administration (Office of Planning and Budget), the Louisiana State Senate, and the Louisiana House of Representatives. Other members include representatives from appropriate state departments and agencies as well as faculty or researchers from state colleges and universities. Conference meetings are open to the public.

Official conference information and forecasts must be based on the assumption that current laws and current administrative practices will remain in effect throughout the period for which the information will be used. State agencies must use the official information developed by the consensus estimating conferences in preparing their annual operating and capital outlay budget requests.

For more information on Louisiana's consensus estimating conferences, see R.S. 39:21 *et seq.* as well as Executive Order MJF 01-03.

## Expenditure Limitation

Article VII, Section 10(C) of the Louisiana Constitution and R.S. 39:33.1 limit growth in state expenditures for the state general fund and dedicated funds. For the purposes of this article, "the state general fund and dedicated funds" means all money required to be deposited in the state treasury, except for money originating from: (1) the federal government; (2) self-generated collections by any entity subject to the policy and management authority established by Article VIII, Sections 5 through 7 of the state constitution (governing boards of state colleges and universities); and (3) a transfer from another state agency, board, or commission. In addition, the limit does not apply to or affect funds allocated by Article VII, Section 4(D) [Severance Tax Allocation] and (E) [Royalties Allocation]).

The commissioner of administration submits a calculation for the expenditure limit for the ensuing fiscal year to the Joint Legislative Committee on the Budget (JLCB) no later than thirty-five days prior to each regular session. The expenditure limit for the ensuing fiscal year must not exceed the expenditure limit for the current fiscal year plus an amount equal to that limit times a positive growth factor. The growth factor is the average annual percentage rate of change of personal income for Louisiana, as defined and reported by the U.S. Department of Commerce, for the three calendar years prior to the fiscal year for which the limit is calculated. After review by the JLCB, or its designated staff, the commissioner of administration determines the state general fund and designated funds to include in the calculation of the expenditure limit. R.S. 39:34 provides that the executive budget recommendations for appropriations shall not exceed the expenditure limit for the ensuing fiscal year.

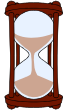
## Executive Budget Development

Article IV, Section 5(D) of the Louisiana Constitution requires the governor to submit to the legislature an operating budget and a capital budget, as provided by Article VII, Section 11. The executive budget development process is described below; see [CAPITAL OUTLAY PLANNING AND BUDGETING](#) for a description of the capital budget development process.

Article VII, Section 11(A) of the Louisiana Constitution requires the governor to submit to the legislature a budget estimate for the next fiscal year setting forth all proposed state expenditures. This budget estimate—the governor's executive budget—must include a recommendation for appropriations from the state general fund, dedicated funds, and self-generated funds that cannot exceed the official forecast of the Revenue Estimating Conference and the expenditure limit for the fiscal year.

Title 39, Section 34 of the Louisiana Revised Statutes requires that the governor's executive budget be balanced with the official revenue estimate in effect at the time (generally the conference's January estimate). Also, the executive budget recommendation for appropriations must not exceed the expenditure limit for the ensuing fiscal year.

R.S. 39:38 also allows the governor to submit supplementary recommendations that are balanced with additional revenue measures. This explains why some executive budget publications have a "supplementary recommendations" column in the financial information or even a separate volume of supplementary budget recommendations.



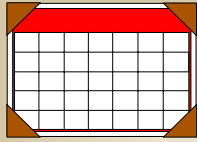
### **Annual Executive Budget Development Timelines**

Most significant points in the timeline for executive budget development are set by statute:

- ⌚ Each year, on or before September 20<sup>th</sup>, the Office of Planning and Budget (OPB) distributes to each budget unit (any spending agency of the state that is declared to be a budget unit by the Division of Administration):
  - a complete set of forms to be used by the budget unit to present its budget.
  - instructions on the proper method of completing the forms
  - a set of specific guidelines under which the budget unit shall provide information to allow the OPB to establish a continuation budget.
- ⌚ By October 15<sup>th</sup>, the Revenue Estimating Conference establishes an official forecast for the ensuing fiscal year, which is utilized by the OPB in formulating the executive budget recommendation.
- ⌚ Budget units must submit their budget requests on a date specified by the commissioner of administration. However, that date must be no later than November 15<sup>th</sup>.
- ⌚ The OPB must submit a continuation budget to the Joint Legislative Committee on the Budget (JLCB) no later than January 1<sup>st</sup> each year.
- ⌚ By January 1<sup>st</sup>, the Revenue Estimating Conference revises the official forecast for the ensuing fiscal year. This revised forecast is utilized in the preparation of the executive budget.
- ⌚ The governor must submit the executive budget to the JLCB no later than forty-five days prior to each regular session of the legislature. The executive budget submitted during the first year of each gubernatorial term must be submitted to the JLCB no later than thirty days prior to the regular session.

Some points in the timeline for executive budget development are determined by the OPB. For example, a period of approximately two weeks is set aside each year for meetings between budget unit administrators and managers and the commissioner of administration and OPB managers and staff to discuss preliminary OPB budget recommendations. A general description of the internal OPB executive budget development process is provided below





## EXECUTIVE BUDGET DEVELOPMENT CALENDAR

JULY

OPB provides consultation, as requested by budget units, on establishment of measurements used to determine standards of performance and effectiveness of functions for programs and activities.



SEPTEMBER 20

DEADLINE for budget forms, instructions, and guidelines to be distributed to budget units by the OPB.



OCTOBER 15

DEADLINE for the Revenue Estimating Conference to establish an official revenue forecast for the upcoming fiscal year. The forecast is used by the OPB in executive budget development.



NOVEMBER 1  
OR  
NOVEMBER 15

DEADLINE for budget units to submit their operating budget requests. Each year the deadline is established by the commissioner of administration. November 1<sup>st</sup> is the deadline when the next regular legislative session is a full, general session. The deadline may be extended to November 15<sup>th</sup> when the next legislative session is a "fiscal only" session.



JANUARY 1

DEADLINE for the OPB to prepare and submit a continuation budget to the Joint Legislative Committee on the Budget (JLCB).

DEADLINE for the Revenue Estimating Conference to revise the official forecast for the ensuing fiscal year. This revised forecast is used in the preparation of the executive budget.

JANUARY  
FEBRUARY

Budget unit administrators and/or program managers meet with the commissioner of administration and OPB staff to discuss preliminary OPB budget recommendations, specific issues and funding alternatives.



45 DAYS BEFORE  
REGULAR  
LEGISLATIVE  
SESSION BEGINS

DEADLINE for the governor to submit executive budget to the JLCB. In a "fiscal only" legislative session year, this usually occurs at the JLCB meeting in March; in a full, general legislative session year, at the JLCB meeting in February. In the first year of each gubernatorial term, the executive budget must be submitted 30 days before the beginning of the regular legislative session.

### Operating Budget Requests

Statutory requirements for the contents of operating budget requests are contained in R.S. 39:32. The "total budget request" is prepared by budget units to comply with those statutory requirements and provide information on each program for which an appropriation is requested. The total budget request consists of six separate components:

- Operational Plan (OP Form)
- Existing Operating Budget (BR Forms)
- Continuation Budget (CB Forms)
- Technical/Other Adjustment Package (T/OAP Forms)
- New or Expanded Service Requests (NE Forms)
- Total Request Summary (TR-SUMM Form)



The total budget request is accompanied by five addenda: Activities, Sunset Review, Information Technology, Children's Budget, and Louisiana Workforce Commission Addenda.

These components are designed to capture all the information required to meet constitutional and statutory requirements regarding the contents of budget requests and executive budgets. More information on the budget request and addenda forms that comprise the total budget request may be found in the detail section of this chapter that begins on page 24.

Title 39 mandates that budget development be on the basis of appropriation levels rather than continuation levels (as required in previous years). Budget units should prepare their budget requests with the current year's operating budget (existing operating budget) as the budget request base to which adjustments are made to arrive at the total budget request. Continuation level is an important interim step in the budget development process.

### **Executive Budget Decision Making**

Once total budget request packages are received from budget units, OPB budget analysts review the requests for preparation of the executive budget. During the executive budget decision-making process, issues are systematically reviewed. This process is divided into three specific phases:

- Internal Office of Planning and Budget Phase
- Commissioner's Phase
- Governor's Phase

**Internal OPB Phase:** The internal OPB decision making phase begins in November with the submission of budget request packages by budget units (department or agencies). OPB analysts review requests with budget units. Internal OPB decision meetings are conducted (usually in December) and may result in a "yes," "no," or "maybe" outcome. "Yes" means the issue is to be included in the initial OPB budget recommendations; "no" means it is not; and "maybe" means it requires further research and is to be reconsidered before OPB budget recommendations are presented to the commissioner of administration.

**Commissioner's Phase:** After the internal OPB phase, initial OPB budget recommendations are presented to the commissioner of administration (usually in late December or early January). Each decision meeting is issue-oriented and results in a "yes," "no," or "maybe" outcome. "Yes" means the issue is to be included in the OPB's preliminary executive budget recommendations; "no" means it is not; and "maybe" means it requires further research and is to be reconsidered before the OPB preliminary executive budget funding recommendations are transmitted to budget units.

Budget units are given the opportunity to discuss and appeal the OPB preliminary executive budget recommendations. Appeals must be based on performance. (Guidelines for budget appeals appear on page 62.) Over a two-week period, generally in January or February, agency administrators and/or program managers attend decision meetings with the commissioner of administration and OPB staff. Additional internal decision meetings, involving the commissioner and OPB staff, are held as needed in January/February. Individual decision meetings between the commissioner, OPB staff, and department personnel are held on an ad hoc basis to resolve any specific remaining issues. Decision meetings during the commissioner's cycle result in "yes" or "no" decisions.

**Governor's Phase:** Although communications among the governor and his policy staff, the commissioner of administration, and OPB analysts are continuous during the executive budget development process, a final consultation with the governor marks the last budget decision making phase. This phase culminates in the completion of the executive budget.

## Decision Factors

During the executive budget decision-making process (both for general and program-specific decisions), a number of factors are considered. These include:

- **Available revenues.** How much revenue is forecast by the Revenue Estimating Conference? How much other revenue (from sources that cannot be considered by the Revenue Estimating Conference) is likely to be available? The governor's executive budget ("legal" budget) cannot exceed the official revenue estimate. Any proposals by the governor beyond the official forecast must be separate and apart from the executive budget. Such recommendations generally are presented as supplemental recommendations to the executive budget.
- **Means of financing.** How will a program or activity be funded? By direct general fund dollars, statutory dedications, self-generated funds, interagency transfers, or federal funds? Will reductions/additions in one means of financing affect another means of financing?
- **Mandates.** Is there a constitutional, statutory, or other requirement involved? Does the state have a choice about funding a particular program or function?
- **Discretionary vs. nondiscretionary expenditure picture.** How much of the budget must be spent for certain programs or in certain ways because of constitutional provisions, unavoidable obligations, federal mandates, loss of federal funds, debt service requirements, consent decree requirements, legislative discretion, or contractual obligation? How much is left for other, discretionary functions?
- **Statewide policies, plans, and/or priorities.** What overall, statewide functional or spending policies and/or priorities have been expressed by the governor and legislature? What spending guidance, investment strategies, and priorities are expressed in *Louisiana: Vision 2020*, the state's twenty-year master plan for economic development, and the annual *Vision 2020 Action Plan*? What recommendations and priorities are expressed by the Louisiana Workforce Commission, which coordinates state job training or workforce development programs; and the Louisiana Children's Cabinet, which coordinates state programs related to families and children? What other decision factors (such as the recommendations of the Select Council on Revenues and Expenditures in Louisiana's Future and the information technology recommendations of the state's Chief Information Officer) have been articulated and should be considered?
- **Relationship of budget request to strategic plans and other plans or initiatives.** How does a particular budget request relate to statewide strategic planning and coordination efforts—specifically *Louisiana: Vision 2020* and the annual *Vision 2020 Action Plan*, the Louisiana Workforce Commission, and the Louisiana Children's Cabinet? How does a

particular budget request relate to that budget unit's strategic plan? How does a particular budget request relate to other plans--for example, long-range or comprehensive plans relating to a particular function or service area (such as state parks), plans that accompany federal block grants, or other statewide coordination/planning initiatives (such as the state's coordination of services provided through Temporary Assistance to Needy Families [TANF] funding).

- **Program performance.** Does the budget request contain valid, accurate, reliable, and meaningful performance information? What kind of performance record does the requesting program/agency/department have? Are the expected results being achieved? If not, why not? If so, how much more improvement or change is projected? Source documents include department/agency strategic and operational plans, performance progress reports, reports from the Office of the Legislative Auditor, sunset review materials and reports to legislative oversight committees, Act 160 reports, program evaluations, and any other pertinent materials.
- **Impact of different funding scenarios on service levels/results.** What are the performance impacts of different funding levels? What are the costs and what are the benefits for requested workload adjustments and new or expanded services? For example: If budget investments (ongoing enhancements or one-time infusions) should be made: What results will be accomplished? What specific objectives will be achieved? What level of service will be provided? What efficiencies will be achieved? If reductions in funding must be made: What performance impacts will accompany those reductions? Which budget units, if any, should be sheltered from budget reductions because of performance and investment budgeting issues? Who will be affected and how?
- **Demonstrated need.** Why is a particular workload adjustment or new or expanded service needed? What is the justification? Are specific performance impacts addressed?
- **Other guidelines (from the governor, legislature, or commissioner of administration).** Has the legislature enacted any new budget guidelines? Has the governor or commissioner of administration decided to restrict or reduce certain kinds of expenditures?
- **Agency input.** Obviously, departments/agencies start the ball rolling by submitting total budget request packages. Interaction among OPB budget analysts and agency executives, program managers, and/or fiscal officers is continuous during executive budget development. However, after an initial funding recommendation is formulated by the OPB and transmitted to budget units, there is an opportunity for budget units to make a formal appeal of the OPB recommendation to the commissioner of administration. A period of approximately two weeks is set aside for such meetings. All appeals must be based on performance. Guidelines for making an appeal are on page 62.

## **Executive Budget Documents**

The Office of Planning and Budget prepares a concise executive budget and a detailed executive budget supporting authority. The contents and format of these documents are prescribed by R.S. 39:36. In general terms, the executive budget contains key financial and performance

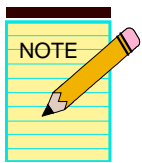
information for each budget unit, by program; the executive budget supporting document contains key and supporting financial and performance information for each budget unit, by program.

As noted earlier, the governor must submit the executive budget to the JLCB no later than forty-five days prior to each regular session of the legislature. The executive budget submitted during the first year of each gubernatorial term must be submitted to the JLCB no later than thirty days prior to the regular session. Both executive budget documents are published on the OPB website (<http://www.doa.state.la.us/opb/index.htm>).

## Appropriation Process

Article VII, Section 11(B) of the Louisiana Constitution requires the governor to submit a general appropriation bill for proposed ordinary operating expenditures in conformity with the recommended appropriations contained in the budget estimate (the executive budget document submitted to the legislature). The governor may submit a bill or bills to raise additional revenues, along with proposals for the use of those revenues.

State statutes provide further guidelines for the appropriation bill(s). R.S. 39:51 requires the governor to cause a general appropriation bill (and, if necessary, other appropriation bills) for the ordinary operating expenses of government to be introduced. The bill must have the same agency structures as those in the executive budget document.



Other appropriation bills include: the supplemental appropriation bill, the ancillary appropriation bill, the judicial expenses appropriation bill, the legislative expenses appropriation bill, and the capital outlay appropriation bill. Appropriations for judgments against the state, tax refund claims, or other special appropriations may be included in the general appropriation or supplemental appropriation bills.

In accordance with R.S. 39:51(B), if the figures contained in the general or ancillary appropriation bills introduced by the governor are different from those contained in the executive budget, then the governor must provide a detailed explanation of the differences, by program. In practice, the executive budget and general and ancillary appropriation bills are in conformity.

Under the provisions of R.S. 39:52, the governor may cause revenue bills to be introduced in accordance with the supplementary budget proposals submitted under authority of R.S. 39:38. Any proposals by the governor to enhance revenues for the ensuing fiscal year beyond the official forecast must be itemized and projected separately and must constitute a submission by the governor separate and apart from the executive budget. Any such submission must include a description of the proposed uses and programmatic impacts of the enhanced revenues.

As provided in R.S. 39:53, the financial plan presented in the governor's executive budget is adopted, with legislative amendments, by the passage of such appropriation, revenue, and other acts as the legislature may deem necessary to make the financial plan effective. The financial plan adopted by the legislature is evidenced by the state budget and described by the legislative summary of appropriations for the year. The legislature may review and modify the program budget format

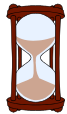
of the general appropriation bill and other appropriation bills. The program budget format so adopted is then implemented by the Division of Administration.

**The legislature must pass a balanced budget.** Article VII, Section 10(E) of the Louisiana Constitution requires that appropriations by the legislature from the state general fund and dedicated funds for any fiscal year, except funds allocated by Article VII, Section 4(D) (Severance Tax Allocation) and (E) (Royalties Allocation), not exceed the official forecast in effect at the time the appropriations are made.

**The governor cannot sign an unbalanced budget.** Article IV, Section 5(G) requires the governor to veto line items or use means provided in the appropriation bill so that total appropriations for the year do not exceed anticipated revenues for that year. The governor may veto any line item in an appropriation bill (except as otherwise provided by the constitution). Any item vetoed will be void unless the veto is overridden by the legislature.



In program budgeting, appropriations are made to budget units by program, not to line items within agencies or programs. Gubernatorial veto of an entire program is rare. However, vetoes of specific provisions within the preamble of an appropriation bill or specific amendments to an appropriation bill are not unusual. (Also, within the capital outlay bill, gubernatorial veto of a specific project is still common.) Typically, the governor attaches a veto message explaining the reason for the veto. Gubernatorial vetoes are seldom overridden.



### Annual Appropriation Process Timelines

Most significant points in the appropriation process are established by constitution or statute.

- ⌚ By the third Monday in March, the Revenue Estimating Conference revises the official forecast for use by the legislature in its adoption of a state budget for the ensuing fiscal year.
- ⌚ Legislative sessions are defined by constitution (Article III, Section 2 of the Louisiana Constitution) and include:
  - Annual Regular Legislative Sessions: In 1993, Louisiana's voters approved a constitutional amendment that established shorter "fiscal only" regular legislative sessions that occur on even-numbered years. These "fiscal only" sessions, which began in 1994, begin on the last Monday in April, may last no longer than forty-five calendar days, and are restricted generally to fiscal matters. Regular legislative sessions in odd-numbered years continue to be full-length, general sessions, beginning on the last Monday in March and lasting no longer than eighty-five calendar days. However, tax issues may not be considered or addressed during regular sessions in odd-numbered years. Appropriation bills are considered in both types of regular legislative sessions. If the appropriation bills that provide for the operating expenses of state government are not passed during a regular legislative session, then a special or extraordinary legislative session may be convened for that purpose.

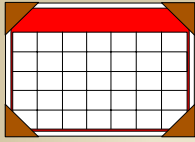
- **Special or Extraordinary Legislative Sessions:** Special or extraordinary legislative sessions may be called by the governor and must be convened by the presiding officers of both houses upon written petition of a majority of the elected members of each house. In these cases, the length of the special session and the items to be considered during the special session are limited to those items specifically listed in the gubernatorial or legislative proclamation calling the special session. This proclamation must be issued at least five days prior to convening the special session.

Under certain circumstances, the governor is required to call a special legislative session to avoid a budget deficit. Under R.S. 39:74, if within thirty days of the determination that a deficit exists in a fund, the necessary adjustments in the appropriations are not made to eliminate the projected deficit, the governor must call a special session of the legislature for this purpose unless the legislature is in regular session. This special session must commence as soon as possible as allowed by constitutional provisions of the Constitution of Louisiana.

R.S. 39:56 requires that no later than sixty days after the final adjournment of any special session, the governor have an update of the state budget prepared to incorporate any revisions necessary as to expenditures or means of financing of the state budget that resulted from actions taken during such special session.

- **Emergency Legislative Session:** The governor may also convene the legislature extraordinary session without prior notice or proclamation in the event of public emergency caused by epidemic, enemy attack, or public catastrophe.
  - **Organizational Session:** A short (no more than three days) organizational legislative session, for the purpose of judging the qualifications and elections of the members, taking the oath of office, organizing the two houses, and selecting officers, convenes on the day the members are required to take office. No matter intended to have the effect of law can be introduced at an organizational session.
- ⌚ During the legislative appropriation process, the Office of Planning and Budget (OPB) monitors all amendments to appropriation bills.
- ⌚ After the general appropriation bill and any other appropriation bills are passed by the legislature and signed by the governor, the OPB informs each budget unit as to the nature and amount of appropriations contained in the appropriation act (including the sources of funding supporting such appropriations) and initial performance standards for programs within the budget unit. This notification must occur no later than two weeks after the effective date of the appropriation act. Appropriation letter packages generally are transmitted to budget units around mid-July.
- ⌚ By August 15<sup>th</sup> and subsequent to the final adjournment of each regular session, the Revenue Estimating Conference revises the official forecast for the fiscal for which appropriations were made in the past regular session. This forecast incorporates all revenue impacts resulting from legislation enacted during the past regular session and is utilized in the preparation of the state budget.





## APPROPRIATION PROCESS CALENDAR



45 DAYS BEFORE  
REGULAR  
LEGISLATIVE  
SESSION BEGINS

DEADLINE for the governor to submit executive budget to the Joint Legislative Committee on the Budget (JLCB). At the same time, the governor submits for introduction a general appropriation bill and an ancillary appropriation bill. In a “fiscal only” legislative session year, this usually occurs at the JLCB meeting in March; in a full, general legislative session year, at the JLCB meeting in February. In the first year of each gubernatorial term, the executive budget must be submitted 30 days before the beginning of the regular legislative session.



THIRD MONDAY  
IN MARCH

DEADLINE for the Revenue Estimating Conference to revise the official forecast for the ensuing fiscal year. This revised forecast is used by the legislature in its adoption of a state budget for the ensuing fiscal year.

LEGISLATIVE  
SESSION

Appropriation bills are deliberated by the legislature in order to adopt a state budget for the ensuing fiscal year. During the legislative appropriation process, the Office of Planning and Budget (OPB) monitors amendments to appropriation bills.



2 WEEKS AFTER  
EFFECTIVE DATE  
OF APPROPRI-  
ATION ACT

After the general appropriation bill and any other appropriation bills are passed by the legislature and signed by the governor (usually in mid-July), the OPB transmits appropriation letter packages listing final appropriations for budget units and initial performance standards for programs within individual budget units.



AUGUST 15

DEADLINE for budget units to submit requests for performance standard adjustments.

Latest date for Revenue Estimating Conference to revise the official forecast for the fiscal year for which appropriations were made in the past regular session.



30 DAYS AFTER  
GENERAL  
APPROPRIATION  
BILL BECOMES  
AN ACT

DEADLINE for the Legislative Fiscal Office to prepare a legislative summary of appropriations, describing the changes, by program, that occurred from the proposals submitted by the governor in the executive budget and for revenue raising bills through the enactment of the various appropriation and revenue acts. The summary is presented to the JLCB.



OCTOBER 1

DEADLINE for preparation of a complete state budget for the fiscal year.

- ⌚ By August 15<sup>th</sup>, budget units submit requests for performance standard adjustments, under the criteria established by the statutory provisions related to performance-based budgeting.
- ⌚ No later than thirty days after the general appropriation bill becomes an act, the Legislative Fiscal Office prepares a legislative summary of appropriations that describes the changes, by program, the changes that occurred from the proposals submitted by the governor in the executive budget and for revenue raising bills through the enactment of the various appropriation and revenue acts. The summary is submitted to the JLCB.
- ⌚ After the passage of the appropriation and revenue acts, but no later than October 1<sup>st</sup> of each year, the OPB prepares a complete state budget for the fiscal year.



## Authorized Positions

The general and ancillary appropriation acts not only make financial appropriations but establish the number of authorized positions allotted to each program. (The figures in parentheses following the designation of a program in an appropriation act are the total authorized positions for that program.) The preamble of the appropriation act generally sets out guidelines for increasing or transferring authorized positions.

Statutory provisions related to the state's automated personnel and position information system (ISIS-Human Resources), budget controls on personnel, and changes in personnel tables are contained in R.S. 39:83-85.

## Interim Emergency Board

Sometimes during the fiscal year, unanticipated events or circumstances require agencies to seek funds over and above their legislatively appropriated budget. The Interim Emergency Board (IEB) was created to deal with such emergencies.

The IEB, established by R.S. 39:461, is composed of the governor, lieutenant governor, state treasurer, the presiding officer of each house of the legislature, the chair of the Senate Finance Committee, and the chair of the House Appropriations Committee (or their designees). Whenever, in accordance with the provisions of Article VII, Section 7 of the Louisiana Constitution, the IEB is of the opinion that there exists an emergency, which justifies the appropriation of funds from the state general fund or the borrowing of funds on the full faith and credit of the state in order to meet the emergency, the board requests by letter the written consent of two-thirds of the elected members of each house of the legislature. An "emergency" is an event or occurrence not reasonably anticipated by the legislature. If an event or occurrence (or program or activity) was considered and rejected in the same relative form or content by the legislature during the preceding session, then it cannot be considered an emergency by the IEB.

General fund revenues available to the IEB are not unlimited. Article VII, Section 7 provides that up to one-tenth of one percent (.1%) of total prior-year state revenue may be set aside to pay for unanticipated state emergencies. Once the Interim Emergency Fund is depleted, it will not be replenished until the next fiscal year.

## Operating Budget Management

Management or execution of the operating budget is also governed by statute. Requirements are spelled out in R.S. 39:75-86; however, the bottom line is that **a balanced budget must be maintained.**

## **Uniform System of Accounting**

R.S. 39:78 requires the installation and maintenance of a uniform system of accounting in all state agencies. Financial accounting policies and procedures are established by the Office of Statewide Reporting and Accounting Policy (OSRAP) in the Division of Administration. Louisiana uses accounting procedures based on Generally Accepted Accounting Principles (or GAAP-based accounting) and has an automated financial accountability and control system.

The Advantage Financial System (AFS) is the state's complete financial management system. AFS is specifically designed to support the functions performed by governments. In addition to the standard accounting functions of accounts payable and general ledger, AFS also performs the specialized functions of encumbrance control, fund accounting, and grants and project management. Using data provided by its users, AFS maintains a financial database from which a variety of detail and summary level reports may be produced. It is only one of the major systems that make up the Integrated Statewide Information Systems (ISIS).

For more information on AFS or other ISIS applications, see <http://www.state.la.us/osis/afs/Afs.htm> and <http://www.state.la.us/osis/index.htm>.

## **Budget Management Methods**

No later than two weeks after effective date of appropriation acts, the Office of Planning and Budget (OPB) transmits appropriation letters detailing budgets by program and expenditure line item to budget units/agencies. The OPB enters the information into the Budget Office Automated Tracking System (BOATS). A copy of the budget is sent to the Office of the State Treasurer (OST) for verification and approval. Then, the OPB and OSRAP load appropriations into AFS. Generally, the whole budget is put into the budget unit's first available organization (formerly called cost center), normally one called "budget development." It is up to budget units to distribute their budgets to the proper programs and cost centers within AFS.

Three budget documents are generated by AFS: the appropriation document (AP), the expense budget (EB), and the revenue budget (RB). The AP document establishes legislative authorization to spend the budgeted funds at the appropriation level. The EB document is used by agencies to distribute budgets by line item. The RB document adjusts the means of finance. The EBs and RBs allow agencies to spread the total budget among programs and organizations and establish budgets at the expense and revenue organization level.

The input of the budget into AFS creates three corresponding tables—the Appropriation Inquiry Table (APPR), the Expense Budget Inquiry Table (EXPB), and the Revenue Budget Inquiry Table (REVB)—and updates a number of related tables. These tables are accessed when encumbrance and expenditure documents are processed in the Advanced Governmental Purchasing System (AGPS) and AFS in order to determine budget availability. All encumbrance and expenditure documents must pass AFS edits for budget availability in order to be accepted and processed by AFS. Once documents pass AFS validations and gain accepted status, they are loaded onto AFS budget tables and ledgers.

AFS transactions are also used during the fiscal year to reduce one program and increase another. After approval of budget amendments (through the BA-7 process described on pages 20-21 and 71-78), AFS is updated for budgetary adjustments by means of an AP form (for total increase or decrease in appropriation) or by an EB or an RB form (when appropriation does not increase or decrease). These budget change requests are initially input online into AFS by the agency and are stored in a pending file until the corresponding BA-7 is approved. After review of the documentation and approval of the BA-7, the AP, EB, or RB is approved online. (Note: OSRAP, OPB, and the OST approve AP documents online. EBs and RBs are approved online by OSRAP.)

EBs and RBs also are used to transfer monies within a program between organization numbers. Adjusting the budget between revenue and expenditure organization numbers within a program is not required by law because the budgetary control level is at program level, not line item level. However, some agencies use organization numbers as an additional control.

There are three available levels of expenditure budget control:

1. at the Appropriated Program level (the level of control legally required by the appropriation act),
2. at the Expenditure Category level (not presently a required control level but programmed and available in AFS in the event that it will be required in the future), and
3. at the Account Codes by Organization level (not a required level but used by agencies at their discretion as an additional level of control).

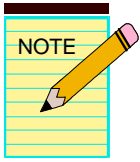
There are two levels of revenue budget control:

1. at the Means of Financing (MOF) Appropriation level (the types of revenue identified by fund, agency, and appropriation unit), and
2. at the Revenue Source Code by Organization level (the detail budget established for each revenue source within each appropriation unit).

Revenue budget authority (the amount of revenue that expenditures may not exceed) may be set at the appropriated amount (N), the amount of actual receipts (A), the amount of estimated receipts (E), or the lesser of estimated or actual receipts (L).

Accounting system controls will not allow an agency to draw down funds in excess of the amounts deposited by the agency. The exceptions to this are programs that fall under the Cash Management Improvement Act and payroll expenditures. Also, an agency cannot draw down funds in excess of its appropriation. When an invoice is booked as a payable, the budget tables are checked to determine if there is available budget. When the invoice is liquidated, the cash table is checked to determine if there is available cash.

AFS keeps track of expenditures and generates a multitude of reports. Some of the most important AFS Reports are listed at <http://www.state.la.us/OSIS/Adhoc/AFS/AFS.htm>. Ad hoc reports may be generated by users through InfoMaker, an ad hoc reporting tool.



Some budget units have their own internal budget management procedures, which may have additional requirements or reports. In addition, there may be special accounting or reporting requirements for programs or activities funded by federal grants. Information on internal guidelines should be obtained from agency management and finance (or budget control) staff.

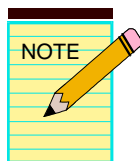
For agencies under AFS, the OPB utilizes AFS report 2G54, "Appropriation Budget Reconciliation by Agency" and AFS report 2G15, "Appropriation Report by Agency" to monitor budgets for both revenue and expenditures. Review of these reports compares budgeted and actual amounts for appropriated means of financing and programs for accuracy and conformity to legislative and executive intent. Noncompliance with legislative and executive intent may cause delay and/or rejection of warrants requested by agencies.

### Avoidance of Budget Deficits

To avoid budget deficits, several precautions and remedies are used. The Division of Administration makes monthly status reports to the Joint Legislative Committee on the Budget (JLCB). These reports indicate the balance of the budget for the state general fund and dedicated funds by comparing the official forecast of the Revenue Estimating Conference for these funds to the total authorized appropriations for each fund. If the budget status report indicates that the total appropriation from any fund will exceed the official forecast for that fund, the JLCB immediately notifies the governor of the projected deficit.

The governor has interim budget balancing powers to adjust the budget for any executive branch program that is appropriated from a fund that is in a deficit posture. To address a projected deficit, the governor may:

- direct the commissioner of administration to reduce appropriations for any program that is appropriated from a fund that is in a deficit posture. Total adjustments for a budget unit cannot exceed ten percent (10%) in the aggregate of the amount appropriated from that fund for the budget unit for a fiscal year. Appropriations for the Minimum Foundation Program and retirement systems may be reduced only after written approval of two-thirds of the members of each house of the legislature has been obtained. Appropriations for funding of elementary and secondary schools operated by Louisiana State University and Southern University and appropriations for funding any charter school may be reduced only after approval of the JLCB has been obtained.



The legislature can and often does impose further restrictions to the limits for total adjustments for a budget unit that can be made by the governor. For example, for many years, the preamble of the general appropriation act has added a provision to limit gubernatorial adjustments to ten percent (10%) in the aggregate of the total appropriation for a budget unit.

- issue executive orders in the form of freeze orders prohibiting the expenditure of monies for specific items. The total dollar savings estimated to be achieved in the deficit fund or funds and any other fund as a result of a freeze order is deducted from appropriations in the budget status report.

- propose the use of an alternative source of revenue of a designated amount to address the deficit situation. Upon written approval of two-thirds of the members of each house of the legislature, this can be incorporated into the budget status report.

The governor must call a special session of the legislature if the necessary adjustments to eliminate the projected deficit are not made within 30 days.

**If a deficit does exist in any fund at the end of the fiscal year, that deficit must be eliminated no later than the end of the next fiscal year.**

### **Avoidance of Cash Flow Deficits**

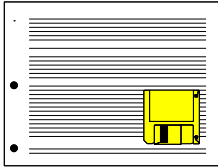
To avoid cash flow deficits, several precautions are used. If the state treasurer and commissioner of administration determine that the projected cash balance of funds available to pay appropriations is insufficient to pay anticipated warrants (documents through which budget units draw down funds from the treasury for expenditure), they must notify the governor and the Joint Legislative Committee on the Budget (JLCB). Upon such notification, the governor may direct the commissioner of administration to reduce or disapprove warrants to prevent a cash deficit. The state treasurer will not honor warrants in excess of the amount approved by the commissioner of administration. The Advantage Financial System (AFS), the state's automated financial accountability system, has the capacity of disapproving warrants during times of cash flow problems.

### **Changes to Appropriations and Transfers of Allotments**

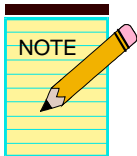
At some point during a fiscal year, a budget unit may find it necessary or desirable to change its appropriations or transfer allotments—that is, to increase or decrease its appropriations or move funds around. This situation may be the result of changes in the type or amount of revenues received or the need to shift funds from program to program to meet unanticipated circumstances. One of the most frequent circumstances under which a change to an appropriation is requested is the approval of a federal grant application.

By unilateral action, the commissioner of administration may approve the transfer of funds between programs within a budget unit, which in the aggregate do not exceed one percent (1%) of the total appropriation of the budget unit. The commissioner of administration, with the approval of the JLCB, may approve the transfer of funds between programs within a budget unit, which in the aggregate do not exceed twenty-five percent (25%) of the total appropriation of a budget unit. In both cases, budget units must present sufficient evidence that the operation of the budget unit or programs are being or will be impaired without such transfers. Further, transfer of funds must include adjustment of any performance standards that are affected by that fund transfer. Transfers may not exceed twenty-five percent (25%) in the aggregate of the total appropriation of a budget unit for a fiscal year.

The preamble of the general appropriation act deals with the addition of federal, self-generated, dedicated and interagency transfer funds, and Section 73 C of Title 39 provides for changes from one program to another with the approval of the Division of Administration and the JLCB. Any transfers among programs must comply with procedures outlined in Section 73 C of Title 39 and Policy and Procedure Memorandum 52 Revised.



All requests for changes to appropriations, whether for unilateral approval by the commissioner of administration or joint approval by the commissioner of administration and the JLCB, must be submitted to the Office of Planning and Budget (OPB) on Budget Amendment Form 7 (BA-7) and its companion questionnaire. The revised BA-7 form (MS Excel file) and questionnaire (MS Word file) are available on the OPB website (<http://www.doa.state.la.us/opb/index.htm>) under "Forms, Formats, Guidelines, and Memorandum Archive." (The form and questionnaire also appear on pages 72-77.)

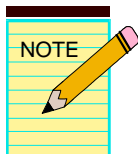


In addition to a completed BA-7 form and questionnaire, all higher education BA-7 requests must include documented approval from each respective institution's management board.

The BA-7 form and questionnaire must be completed in detail for all appropriation changes requested. If information—financial or performance—on the BA-7 form and questionnaire is insufficient to justify the request, the BA-7 request will be returned to the requesting budget unit for further information.

**In no case should actions that require BA-7 approval be undertaken prior to completion of the approval process. The OPB and JLCB take a hard-line approach to "after the fact" BA-7s. As a result, some BA-7s that are submitted after expenditures are made pursuant to the BA-7 may be summarily denied.**

Once BA-7s are approved, the OPB updates BOATS. AFS is updated for budgetary adjustments by means of an AP form (for total increase or decrease in appropriation) or by an EB or RB form (when appropriation does not increase or decrease). These budget change requests are initially input online into AFS by the agency and are stored in a pending file until the corresponding BA-7 is approved. After review of the documentation and approval of the BA-7, the AP, EB, or RB is approved online. (Note: The Office of Statewide Reporting and Accounting Policy (OSRAP), OPB, and Office of the State Treasurer approve AP documents online. EBs and RBs are approved online by OSRAP.)



One potential performance-based rewards that may be assigned by the JLCB to a budget unit is authorization for the commissioner of administration to approve transfers of up to 2% in the aggregate of an agency's appropriated funds between its programs. Conversely, one potential performance-based penalty is the reduction of the commissioner of administration's unilateral authority relative to transfer of funds between programs from 1% to .5% for a particular agency.



## **Remission of Cash Balances and Rebudgeting of Funds from Prior Fiscal Years**

Unencumbered cash balances (that is, all cash balances occurring from appropriations made by legislative act or by the Interim Emergency Board [IEB], regardless of date of passage, to any state agency for which no bona fide liability exists on the last day of each fiscal year) must be remitted to the state treasurer by the fifteenth day following the last day of the fiscal year. Any appropriations, including those made by the IEB, of the preceding fiscal year remaining at the end of the fiscal year against which bona fide liabilities existed as of the last day of the fiscal year may be withdrawn from the state treasury during the forty-five day period after the last day of the fiscal year only as such liabilities come due for payment.

Exceptions include funds for planning, acquisition, construction, and major repair projects appropriated by acts of the legislature other than the general appropriation act. These funds may be retained until completion of the project. In addition, any public college or university that has a preventative maintenance program approved by the Board of Regents may retain unexpended funds (in accordance with the provisions of R.S. 17:3386).

R.S. 39:82(B) provides that the commissioner of administration may, with the approval of the Joint Legislative Committee on the Budget, incorporate into the new fiscal year's appropriation any appropriations from the prior fiscal year against which bona fide obligations existed on the last day of the fiscal year. No transactions will be approved in this manner after the forty-fifth day following the last day of the fiscal year. There is no provision in Title 39 for "special projects," those projects where no bona fide obligations exist on the last day of the fiscal year.

Upon written approval of the commissioner of administration, any federal funds and any state funds, including self-generated, interagency, and special purpose funds, appropriated during a fiscal year specifically for the purpose of matching federal grants may be retained and carried forward into the ensuing fiscal year's appropriation for that state agency.

## **Procedure for Rebudgeting of Funds from Prior Fiscal Years**

The commissioner of administration limits approval of carry-forward items to those of critical importance and to those cases where delayed liquidation was truly beyond the control of the agencies involved. Departments/agencies should have ordered all necessary items well enough in advance to ensure timely liquidation. Further, items that present recurring problems in this regard should, by now, have been budgeted in the year of expected liquidation.

In order to secure the required approvals within the limited time frame discussed above, it is necessary for each agency with a critical carry-forward need to submit a BA-7, on or before July 15<sup>th</sup> to the Office of Planning and Budget (OPB) and to the Legislative Fiscal Office. These BA-7s should reflect an increase in the appropriate means of financing and expenditure categories, and the BA-7s must furnish the proper supporting documentation. This documentation must include the purchase order number, contract number, amount, date, a clear justification for the need to carry-forward and a written certification by the agency head that there will be a sufficient cash balance in the State Treasury to pay for the encumbrances.



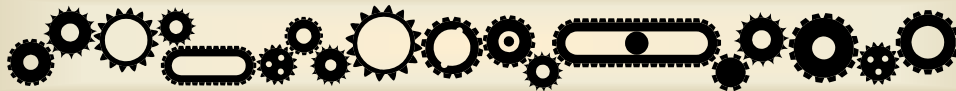
The request to rebudget must not exceed the prior year's remaining appropriation and sufficient explanation must be provided to detail how and when cash will be collected if it is not already on deposit with the state treasurer at the time of the BA-7 request. If the OPB subsequently determines that an agency does not have sufficient cash, its BA-7 will be reduced or rejected, accordingly. In addition, any agency that submits a BA-7 with multiple means of financing must explain how the means of financing is related to each encumbrance listed on the BA-7.

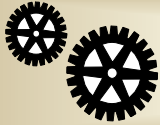
If the next year's appropriation bill has not been finalized when the BA-7s are prepared, the agency is to fill in only the adjustment column, of the BA-7. Otherwise, the BA-7 should be prepared in the normal manner.

## **Financial Accountability**

In addition to the budget management methods and controls described earlier, financial accountability is maintained by:

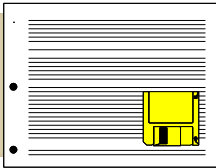
- The Division of Administration's Office of Statewide Reporting and Accounting Policy (OSRAP) prepares an annual financial report, the Comprehensive Annual Financial Report (CAFR), on the fund level. The CAFR basically explains where state revenues come from and where they are expended. It is audited by the Office of the Legislative Auditor. An unqualified, or "clean," opinion indicates that the state did not misstate anything and that any variances between what is reported in the statement and what is found in the auditor's test results are within established tolerances.
- The Office of the Legislative Auditor conducts financial audits of state agencies. It issues "findings" when irregularities are discovered. Many of these findings are minor technical glitches that are easily explained and do not indicate mismanagement. Significant findings, however, generally require corrective action by management.
- The Office of State Inspector General investigates reports of misconduct or management impropriety and conducts management audits of state agencies.





## Operating Budget Forms and Processes in Detail

The following sections present detailed information on operational planning and budgeting forms and process components, including examples and "how to" instructions. To place these details in context, see the Basics of Operational Planning and Budgeting Section that begins on page 2 of this chapter.



## Total Budget Request Document Forms and Instructions

Title 39 of the Louisiana Revised Statutes mandates that budget development be on the basis of appropriation levels rather than continuation levels (as required in previous years). Budget units should prepare their budget requests with the current year's operating budget (existing operating budget) as the base to which adjustments are made to arrive at the total budget request. Continuation level becomes an important interim step in the budget development process.

### Total Budget Request

The "total budget request" consists of the following six separate components:

- Operational Plan (OP) - Describes program mission, goals, objectives, strategies and performance indicators at the existing budget and continuation budget levels.
- Existing Operating Budget (Budget Request or BR Forms) - Describes, in both summary and object code detail, the initial operating budget as adjusted for actions taken by the Joint Legislative Committee on the Budget, the Interim Emergency Board, the legislature, or the governor in accordance with law.
- Continuation Budget (CB Forms) - Describes continuation level or that funding level for each budget unit and program that reflects the financial resources necessary to carry on all existing programs and functions of the budget unit at their current level of service in the ensuing fiscal year, including any adjustments necessary to account for the increased cost of services or materials due to inflation and estimated increases in workload requirements resulting from demographic or other changes.
- Technical/Other Adjustment Package (T/OAP Forms) - Displays and recaps all adjustments from the requested continuation level budget, by program, within each budget unit. T/OAPs allow for the transfer of a program or function from one budget unit (department or agency) to another. However, total revenues and expenditures at the state level cannot be increased.

- New or Expanded Service Requests (NE Forms) - Provide a clear description of requested expenditures, means of financing, and service level impact of proposed or expanded services (activities or functions) by which the operating budget will be increased.
- Total Request Summary (TR-SUMM Forms) - Provides a ready reference and a cross-check of the "total budget request document."

When preparing a total budget request, full justification of data is imperative. Continuation sheets should be used where needed to provide full justification or explanation.



Unless the Office of Planning and Budget has given written authority for program modification, an agency's programs must be as reflected in the existing year's Notification of Appropriation Letter.

## Addenda to the Total Budget Request

There are five addenda to the total budget request packet: Activities, Sunset Review, Information Technology, Children's Budget, and Louisiana Workforce Commission. All addenda forms and instructions are available on the OPB website. These addenda should be submitted to the Office of Planning and Budget as separate packages accompanying the total budget request. Some addenda must be submitted to other entities in addition to the OPB.

- The Activities addendum breaks programs into discretionary and non-discretionary activities.
- The Sunset Review addendum identifies legislatively authorized activities for which implementation funding has not been provided.
- The Information Technology addendum requests costs associated with the operation of information technology activities.
- The Children's Budget, as mandated by R.S. 46:2603 and 2604, is a subset of information provided elsewhere in the budget request and is designed to provide information relative to the cost of children's services. The completed Children's Budget addendum must be submitted to the OPB, and a copy must be submitted also to the Children's Cabinet, Office of the Governor.
- Budget units that are subject to the provisions of Act 1 of 1997, which created the Louisiana Workforce Commission (WFC), must prepare and submit a WFC addendum providing summary data on the workforce development component(s) of a budget unit. The completed WFC addendum, along with a copy of the total budget request, must be submitted to the Louisiana Workforce Commission as well as the OPB.

More information on the six components of the total budget request and the five addenda to the total budget request follows. In addition, all budget request and addenda forms and instructions are available on the OPB website (<http://www.doa.state.la.us/opb/index.htm>).

## Operational Plan

**An operational plan is an annual work plan.** It describes short-term business strategies; it explains how a strategic plan will be put into operation (or what portion of a strategic plan will be addressed) during a given operational period (fiscal year). An operational plan is the basis for and justification of an annual operating budget request. Therefore, a strategic plan that has a five-year lifetime would drive five operational plans funded by five operating budgets.

**HELP**

### HOW TO: Prepare an Operational Plan

## Basic Operational Plan Requirements

As required by R.S. 39:32I, an operational plan (OP) must be prepared and submitted by each department/agency (or budget unit) as part of its "total budget request document." An OP draws directly from agency and program strategic plans to describe agency and program missions and goals, set program objectives, and measure performance. Like a strategic plan, an operational plan addresses four questions:

- ┆ Where are we now?
- ┆ Where do we want to be?
- ┆ How do we get there?
- ┆ How do we measure our progress?

To answer those questions, the OP must include meaningful data for prior fiscal years, the current fiscal year, and the ensuing fiscal year (the fiscal year for which funding is requested). The OP is both the first step and the last step in preparing an operating budget request. As the first step, the OP provides a plan for resource allocation; as the last step, the OP may be modified to reflect policy decisions or financial changes made during the budget development process.

Because Louisiana appropriates funds to budget units by program, the operational plan (OP) is focused primarily on program level information. However, that program information must be placed in the overall context of the department and/or agency (budget unit) within which each program operates. The OP must link department and/or agency goals, program goals and objectives, and program performance. To do this, the OP provides information about the department and/or agency (budget unit) submitting the budget request; the program or programs operated by the department and/or agency (budget unit); and activities included in each program. Specifically, the OP includes:

- Department name, number, and description (mission and goals) (as appropriate);
- Agency name, number, and description (mission goals);
- Program name and authorization for each program in budget unit;
- Program description (mission, goals, and activities) for each program in budget unit;
- Program objectives (with links to strategic plan and other statewide plans or initiatives) for each program in budget unit;
- Program performance indicators for each objective for each program in budget unit;
- Organization and program structure chart for budget unit; and
- Program contact person(s).

The budget request must present program performance as it currently exists, as it would be at a continuation budget level, and as it would be at the funding level requested in the budget unit's total budget request package. Full justification, citing performance data, for any workload adjustments included in an agency's continuation level calculation must be provided in the Continuation Budget (CB forms). To implement components of their strategic plans, many agencies seek program enhancements in their operating budget requests. Program enhancements should be justified (complete with new or modified objectives and performance indicators) in New or Expanded Service Forms (NEs). If program composition or performance is affected by adjustments proposed in a Technical/Other Adjustment Package (T/OAP), these changes should be described in the T/OAP. Together, the OP, CB, NEs, and T/OAPs should reflect a program's mission, goals, objectives, activities, and performance at a total budget request level.

The Office of Planning and Budget (OPB) uses information from the OP, CB, NEs, and T/OAPs to evaluate performance, support budget decision making, and prepare the program information portions of the executive budget and the executive budget supporting document. Operational plans that do not comply with the guidelines established by the Division of Administration (and provided in this document) may be returned to the submitting budget unit for modification.

Once the OPB has reached a preliminary funding recommendation for each budget unit and program, draft program narratives and performance spreadsheets are provided to each budget unit so that the budget unit can add performance indicator values reflecting service levels at the budget level recommended by the OPB. At the same time, a budget unit may revise continuation level performance indicator values to reflect any changes to continuation level dollar amounts that may have been made by the OPB after submission of continuation level calculations by that budget unit. Any appeal of the OPB preliminary funding recommendation must be accompanied by a justification based on performance. (Guidelines for completion of recommended budget level performance indicator values and appeal of the OPB preliminary budget recommendations begin on page 59.)

## **Operational Plan Form and Components**

The following outline identifies the required components of an operational plan. Guidelines for operational plan components are provided after the outline. The OPB provides an operational plan form, including program performance tables. The Operational Plan Form is an Excel workbook containing worksheets for the various OP components, including program performance worksheets for objectives and their accompanying performance indicators as well as general performance information worksheets. OP forms for both general appropriation and

ancillary agencies are available on the OPB website (<http://www.doa.state.la.us/opb/index.htm>). See “Operational Plan Form – General Appropriation Agencies” and “Operational Plan Form – Ancillary Appropriation Agencies.”

## Outline of Operational Plan Components

### Department Name and Number (if appropriate)

#### Department Description (if appropriate)

Department mission statement

Department goals

### Agency Name and Number

#### Agency Description:

Agency mission statement

Agency goals

### Program A Name

**Program A Authorization** (Primary constitutional, statutory, and/or other citations)

#### Program A Description:

Program mission statement

Program goals

Description of program activities

Programwide performance information (optional)

#### Program A Objectives:

Objective No. 1

Strategic Plan, *Louisiana: Vision 2020* Action Plan, Children's Budget, and/or other links

Performance indicators

Objective No. 2

Strategic Plan, *Louisiana: Vision 2020* Action Plan, Children's Budget, and/or other links

Performance indicators

Objective No. 3

Strategic Plan, *Louisiana: Vision 2020* Action Plan, Children's Budget, and/or other links

Performance indicators

### Program B Name

**Program B Authorization: (Primary constitutional, statutory, and/or other citations)**

**Program B Description: (Mission statement, goals, activities description, and optional programwide performance information)**

#### Program B Objectives:

Objective No. 1

Strategic Plan, *Louisiana: Vision 2020* Action Plan, Children's Budget, and/or other links

Performance indicators

Objective No. 2

Strategic Plan, *Louisiana: Vision 2020* Action Plan, Children's Budget, and/or other links

Performance indicators

### Charts:

Department/Agency Organization Chart

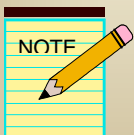
Department/Agency Program Structure (with Activities) Chart

### Contact Person(s): Name, title, and contact numbers (telephone, FAX, and e-mail)

Department/Agency Contact Person (for entire operational plan); and/or

Program A Contact Person

Program B Contact Person



This is a sample outline. Since the program structures of departments and/or agencies vary, some operational plans will include more programs and program information. In some cases, the /agency may have only one program.



The operational plan components and guidelines discussed in this document are basic, generic requirements. Please note that the OPB may require the submission of additional information to augment an OP or to explain issues identified during the analysis of the OP and other budget request materials.

### **Department Name, Number, and Description**

Complete this form if the budget schedule under which your agency falls is comparable to one of the officially designated departments of state government. (For example: Schedule 05 is the Department of Economic Development; Schedule 06 is the Department of Culture, Recreation and Tourism. However, Schedule 01 is comprised of various entities in the Office of the Governor; Schedule 04 is made up of various state departments headed by statewide elected officials. Neither Schedule 01 nor Schedule 04 is itself a state department.) Budget schedules that should complete this form are: Schedules 05, 06, 07, 08A, 08B, 09, 10, 11, 13, 14, 16, and 19-Department of Education. If your schedule is not listed here and you believe you should complete a department description, contact the OPB to resolve the issue.

The department submitting the budget request should be identified by name and budget schedule/department number.

The department should be described simply and succinctly. This description should include the mission of the department and its goals. The inclusion of departmentwide performance information is sometimes appropriate but remains optional.

### **Department/Agency (or Budget Unit) Name, Number, and Description**

The department/agency (or budget unit) submitting the budget request should be identified by name and agency number. Examples include:

Agency No. 04-141 = Department of Justice, Office of the Attorney General;  
Agency No. 10-355 = Department of Social Services, Office of Family Support; and  
Agency No. 17-564 = Department of Civil Service, Division of Administrative Law

The agency (or budget unit) should be described simply and succinctly. This description, which should include the mission of the agency and its goals, explains the context within which agency programs operate. It identifies the common, organizationwide goals that should be reflected in program goals and objectives. (In a one-program budget unit, missions and goals at the agency and program levels are almost always identical.) The inclusion of agencywide performance information is sometimes appropriate but remains optional.

### **Program Name and Authorization**

Each program should be identified by name. Examples include: Administration; Parks and Recreation; Licensing and Inspection; and Child Care Services.



Modifications in program names or structures must be approved by the Office of Planning and Budget (OPB). If you are contemplating such changes, be sure to discuss this with OPB analysts prior to submission of your budget request. Do not use your operational plan as first notification to the OPB that you would like to make program name or structure modifications.

The primary constitutional, statutory, or other references (such as executive order or federal mandate) that pertain to the program and its activities must be cited. If these references include state law, use the statutory citation rather than the legislative citation (that is, give the Louisiana Revised Statutes reference rather than cite the legislative act and year). If these references include federal law, administrative procedure, program guidelines, or court order, cite the public law, code, rule, case, or consent decree.

### **Program Description: Mission, Goal(s), and Activities**

Prepare a program description for each program. This description should identify the mission, goals and major activities of the program.

- Mission is a broad, comprehensive statement of purpose; it describes what an organization does and whom it serves.
- Goals are the intended broad, long-term results. Goals are clear statements of the general end purposes toward which efforts are directed. Program goals may be a component of broader department/agency goals. Program goals must be consistent with department/agency goals.
- An activity is a distinct subset of functions or services within a program. For example, the Civil Law Program (in the Department of Justice, Office of the Attorney General) has two activities: Civil Division and Public Protection Division.

Describe programs simply and succinctly. Write the narrative with the assumption that the reader has no knowledge of the program, what it does, why it is needed, or how it works. Avoid the use of technical terminology, abbreviations, and acronyms should be avoided. If technical terms or jargon cannot be avoided, then define these terms clearly. The information needed to complete the program description should already have been developed in the strategic planning process; in fact, most of the program description—certainly mission and goals—may be lifted directly from the strategic plan.

To develop the program description, use the following steps:

1. Imagine giving a one-minute explanation of the program to the legislature, general public, or community groups. Assume the audience knows nothing about this program. Think about how to best describe the program in terms they can understand.
2. Use the mission and goal statements from the program's strategic plan. In all likelihood you will be able to copy strategic mission and goal statements into your operational plan.

3. Identify and briefly describe major program activities. The activity structure for each program may also be illustrated in a program activity chart. The program activity structure identified in the operational plan should parallel the activity structure delineated for that program elsewhere in the total budget request package or the Discretionary/Nondiscretionary Activities Addendum.



Some programs are administrative in nature and involve funds that are "passed through" to other organizations or governmental units. Such a program is naturally concerned with competent oversight and administration of these funds, and performance objectives and indicators regarding such should be provided. However, state policy makers are also concerned with the results generated by the organizations that ultimately receive the funds. Some explanation of why the funds are passed through—that is, what benefits are derived and by whom—should be included in the program description. Performance indicators, verifying the results achieved and services provided, should be included in the program performance indicators.

Under Louisiana's performance-based contracting provisions and procedures, contracts for professional, personal, consulting, or social services must include specific goals and objectives, measures of performance, and a plan for monitoring the services to be provided. "Pass through" funds distributed by contract may fall under these requirements. If so, information related to service provision and service beneficiaries should be available.

## Program Objectives

Objectives are intermediate outcomes--specific, measurable milestones along the road to accomplishing goals. They identify results or service levels to be achieved. Objectives should be SMART; that is, they should be: Specific; Measurable; Aggressive but Attainable; Results-oriented; and Time-bound.

To set program operational objectives, review the program's five-year strategic plan. Consider the following questions:

1. What are the program's strategic goals and objectives? What results are expected over the lifetime of the program's strategic plan and when during the plan are these results expected? What strategies will be implemented to achieve goals and objectives?
2. How does this operational plan relate to the program's strategic plan? What portion of the strategic plan will be undertaken during the upcoming fiscal year?

In the context of the program's strategic objectives, you may set incremental operational objectives. For example: If a strategic objective were to reduce the level of toxic air emissions by 10% by 2005, there might be a schedule of planned intermediate reductions. In this case, the strategic objective would remain focused on the outcome anticipated by the end of the strategic period, but operational objectives would reflect incremental changes.

Or operational objectives may parallel a logical progression of actions or events. For example, operational outcomes for a strategic objective about improved air quality might relate first to

planning and organizing to reduce emissions. These would be followed in subsequent operational plans by objectives related to actions taken to reduce emissions; actual reduction of emissions; actual improvement in air quality; and, finally, improved health. In this case, operational objectives and performance measures would evolve and progress as program strategies and actual results evolve and progress. Often, in this situation, operational objectives are related to strategies set out in the strategic plan.

Determine the relationship between program activities and program objectives. For example, will an objective be achieved through a particular activity or a combination of activities? Since activities represent distinct subsets of functions or services within a program, does your plan include an objective for each major activity in a program? Or does it cluster several activities under a common objective? Your operational plan should indicate which activities are related to which program objective(s).



REMEMBER

The operational plan contains performance information through the continuation budget level. Some program strategic objectives may involve the creation of new activities or require enhanced funding to expand existing services. Such objectives, along with measures of increased performance and service levels, should be shown on New or Expanded Service Forms rather than in the operational plan.

As you draft program objectives:

- State each objective separately and show related information (links, explanatory notes, and performance indicator tables and footnotes) immediately after the objective text. To do this, use the program performance forms in the Operational Plan Form.
- Present objectives in a logical sequence. For example, objectives related to a particular program activity should follow one another, rather than be scattered throughout the operational plan. If an objective relates to a specific program activity, identify that activity in the objective statement. If several activities share a common objective, cluster performance indicators by activity. In general, programwide objectives should appear first, followed by clusters of activity-related objectives (in the same order as the activities are described in the program description).
- Identify and explain the link or relationship between each operational objective and the program's strategic plan. Example:

Strategic Link: This operational objective is an incremental step toward accomplishing Strategic Objective V.1: To speed up the hearing process so that by June 30, 2002, there are no unheard separation cases over four months old.

Include the text of the strategic plan component to which the operational objective is related in the OP Program Performance Form. “Not Applicable” is not an acceptable response.

- Identify and explain the link or relationship between each operational objective and the annual *Louisiana: Vision 2020* Action Plan. Act 1036 of 1999 requires each department and agency of state government to incorporate, to the maximum extent possible,

components of *Louisiana: Vision 2020*, the State Master Plan for Economic Development, into their strategic plans. In addition, each agency must incorporate within its operational plan, to the maximum extent practicable, components of the annual Economic Development Action Plan and must clearly delineate those components in its operational plan. Include the text of the Action Plan 2000 component in the OP Program Performance Form. This requirement includes both *Louisiana: Vision 2020* components for which an agency has direct responsibility and those components for which an agency plays a contributory or indirect support role. If an objective is not related to Action Plan 2000, then put "Not Applicable" in the link row.

Questions regarding *Louisiana: Vision 2020*, the State Master Plan for Economic Development, or annual Economic Development Action Plans should be directed to the Louisiana Economic Development Council (LAEDC). The LAEDC office is part of the Office of the Governor. The LAEDC webpage, which includes *Louisiana: Vision 2020* and Action Plan 2000, is located on the Department of Economic Development's website ([www.lded.state.la.us](http://www.lded.state.la.us)) but may relocate to the Governor's Office website (<http://www.gov.state.la.us/>).

- Identify and explain the link or relationship between each operational objective and the Children's Cabinet or Children's Budget. Children's Budget Forms, which are required by L.R.S. 36:2604(C) to identify and assemble all state programs and expenditures for children into a single document, must be completed by those budget units that have programs and expenditures for children. Each such service must be described, including a description of how the service fulfills the program's mission and who the principal users and primary beneficiaries of the service are. In addition, all related objectives and performance indicators from the budget unit's operational plan and other budget request forms, such as the New or Expanded Services Forms, must be shown on the appropriate Children's Budget form. If an objective is not related, then put "Not Applicable" in the Children's Cabinet or Budget link row of the OP Program Performance Form. Questions regarding the Children's Cabinet should be directed to the Office of the Governor at (225) 342-3327. Questions regarding Children's Budget forms should be directed to the OPB Budget Section at (225) 342-7005.
- Identify and explain the link or relationship between each operational objective and any other statewide initiative (such as the Louisiana Workforce Commission) or multi-agency or agencywide master plan or comprehensive plan. Use the "Other Link" in the OP Program Performance form. If there are no other links or relationships, then put "Not Applicable" in that link row.
- Be sure that the time frame for the operational objective is clear. Operational objectives should be achievable during the fiscal year covered by the operational plan. Therefore, if no time frame is mentioned in an operational objective, that objective is assumed to be bound by the fiscal year covered by the plan. If an operational objective has any other time frame (for example, school year, federal fiscal year, or calendar year), the objective statement should include a clear reference to that time frame. Or, if an objective is slated for accomplishment at some specific point within the fiscal year covered by the operational plan, that date may be cited. (Example: "By January 1, 2003. . . .")

- Label or otherwise identify those objectives that you consider to be key as opposed to supporting level. (The executive budget and appropriation bills contain key objectives; the executive budget supporting document has both key and supporting objectives.) Key objectives are often those that:
  - represent critical success factors for the program;
  - are related to a "big ticket item" (a major or mandated activity that requires an extensive allocation of resources) or the annualization of a recent, significant budgetary enhancement;
  - are related to a "hot button item" (a prominent or persistent issue or problem); and /or
  - have been identified as key in the past by legislative committees and staff, the OPB, performance auditors, your program managers and staff, and/or other decision makers.

The OPB has ultimate responsibility and authority to determine which operational objectives will be included and assign the level at which they will be included in the executive budget and executive budget supporting document. However, the OPB gives careful consideration to the key or supporting designations in operational plans.

## Program Performance Indicators

To justify funding for a program, it is necessary to demonstrate and document the effectiveness, efficiency, and excellence of the program. Performance indicators are the tools used to measure performance, progress, and accomplishments. They are reported in the operational plan, using the Program Performance Form, and in other budget forms.

Performance indicators consist of two parts: indicator name and indicator value. The indicator name describes what you are measuring. The indicator value is the numeric amount or level actually achieved or to be achieved. Performance indicator values for the fiscal year of the budget request become performance standards during the appropriation process. (See "Performance Standard" on page 39.)

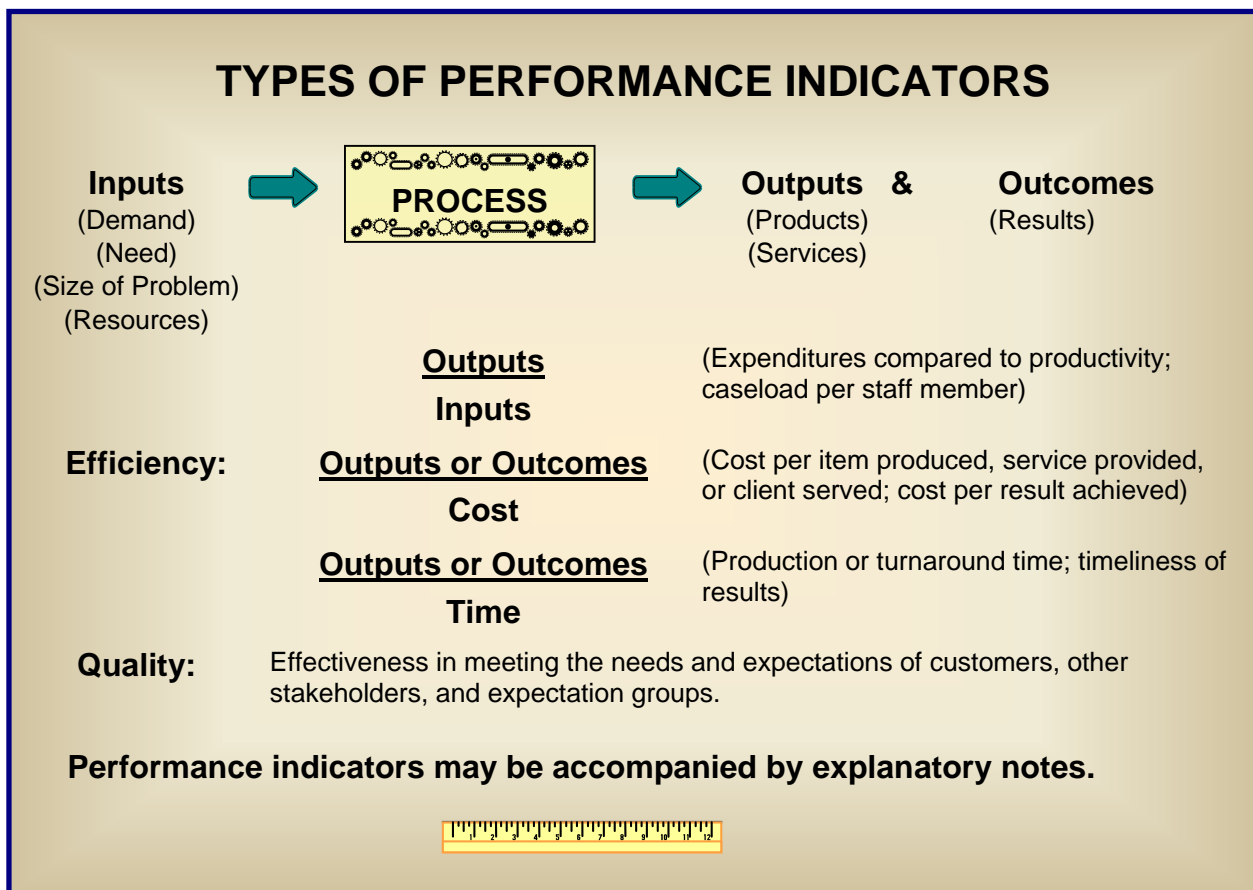
<b>EXAMPLE</b>	<b>PARTS OF A PERFORMANCE INDICATOR</b>	
	<u>PERFORMANCE INDICATOR NAME</u>	<u>PERFORMANCE INDICATOR VALUE</u>
	Number of clients served	3,250

## Types of Performance Indicators

Louisiana's management processes use five types of indicators to measure performance:

- input
- output
- outcome
- efficiency
- quality.

These indicators are based on systems logic (how a process works) and each type is designed to answer different questions. (See [STRATEGIC PLANNING](#) and [PERFORMANCE ACCOUNTABILITY](#).) Together, these indicators provide a balanced view of performance.



**Input indicators measure resource allocation and demand for services.** They identify the amount of resources needed to provide a particular service. Inputs include labor, materials, equipment, facilities, and supplies. They also can represent demand factors such as characteristics of target populations. Input indicators are useful in showing the demand for a service, the total cost of providing a service, the mix of resources used to provide a service, and the amount of resources used for one service in relation to other services. Input indicators are often paired with output and outcome indicators to develop an input/output comparison.



### INPUT INDICATORS

E  
X  
A  
M  
P  
L  
E  
S

- Budget allocation
- Number of positions in Table of Organization (T.O.)
- Number of full-time equivalent (FTE) employees
- Current illiteracy rate in Louisiana
- Number of clients eligible for program
- Number of customers requesting service
- Number of environmental permit applications received
- Number of miles of roads in state system
- Current highway death rate
- Current state ranking as national and international tourist destination


**Output indicators measure quantity.** They measure the amount of products or services provided or number of customers served. Output indicators are volume-driven. They focus on the level of activity in providing a particular program. Transaction numbers and workload measures, which are designed to show how staff time is allocated to respond to service demand, are most commonly reported. Output indicators are useful for resource allocation decisions (particularly for calculation and justification of workload adjustments in operating budget requests). However, they are limited because they do not indicate whether program goals and objectives have been accomplished; nor do they reveal anything about the quality or efficiency of the service provided.

### OUTPUT INDICATORS


E  
X  
A  
M  
P  
L  
E  
S

- Number of students enrolled in an adult education course
- Number of pupils enrolled in state public schools
- Number of inmates housed in state correctional facilities
- Number of persons served by charity hospitals
- Number of vaccinations/inoculations given to children
- Number of environmental permit applications reviewed
- Number of miles of roads resurfaced by state
- Number of miles patrolled by Louisiana State Police
- Number of in-state and out-of-state tourists per year

**Outcome indicators measure success.** They measure results and assess program impact and effectiveness. Outcome indicators are the most important performance measures because they show whether or not expected results are being achieved. Policy makers are generally most interested in outcome indicators.

<b>E X A M P L E S</b>	<b>OUTCOME INDICATORS</b>	
	<ul style="list-style-type: none"> <li>▪ Number of persons able to read and write after completing an adult education course</li> <li>▪ High school graduation rate and ACT scores</li> <li>▪ Corrections recidivism rate</li> <li>▪ Mortality and recovery rates for index procedures at state charity hospitals</li> <li>▪ Reduction in incidence of communicable disease</li> <li>▪ Percentage change in toxic air and water emissions</li> <li>▪ Percentage change in air and water quality</li> <li>▪ Condition (safety and appearance) of highways maintained by state</li> <li>▪ Percentage of highways providing satisfactory levels of peak hour service</li> <li>▪ Percentage change in highway death rate</li> <li>▪ Percentage change in state ranking as national and international tourist destination</li> </ul>	

**Efficiency indicators measure productivity and cost-effectiveness.** They may reflect the cost of providing services or achieving results. Cost can be expressed in terms of dollars or time per unit of output (or outcome). Efficiency measures can also portray the relationship of inputs to outputs (or outcomes). They can show workloads or caseloads. Efficiency indicators can gauge the timeliness of services provided. Efficiency measures are important for management and evaluation. They help organizations improve service delivery. Often they are used to justify equipment acquisitions or changes to systems or processes.

<b>E X A M P L E S</b>	<b>EFFICIENCY INDICATORS</b>	
	<ul style="list-style-type: none"> <li>▪ Cost per student enrolled in an adult education course</li> <li>▪ Average expenditure per pupil in state public schools</li> <li>▪ Average cost per day per state inmate.</li> <li>▪ Bed occupancy rates at charity hospitals</li> <li>▪ Cost per vaccination/inoculation given</li> <li>▪ Number of miles patrolled per state trooper assigned to traffic enforcement</li> <li>▪ Average processing time for environmental permit applications</li> <li>▪ Average cost per mile for construction or maintenance of state highways</li> <li>▪ Revenue return on every advertising dollar spent on promoting tourism</li> <li>▪ Number of clients receiving services compared to number of clients eligible for service</li> </ul>	

**Quality indicators measure excellence.** They reflect effectiveness in meeting the expectations of customers, stakeholders, and expectation groups. Measures of quality include reliability, accuracy, courtesy, competence, responsiveness, and completeness associated with the product or service provided. Lack of quality costs money. It is important to track resources devoted to performing rework, correcting errors, or resolving customer complaints. Quality measures are often considered to be outcomes. However, quality indicators have been separately defined to reflect the importance of quality improvement.

E  
X  
A  
M  
P  
L  
E  
S

## QUALITY INDICATORS



- Number of defect-free reports as a percentage of total number of reports produced
- Percentage accuracy of data entry
- Compliance with error tolerance levels established by administrative guidelines
- Accreditation of institutions or programs
- Number of corrections institutions under court supervision
- Costs associated with tort judgments against the state
- Awards or recognition for service excellence
- Number of customer/client complaints filed
- Improvement in customer service ratings

Sometimes performance indicators fall into more than one category. For example:

- Some outcome indicators are also quality indicators. If your objective is to retain an initial accuracy rate for disability determination that is higher than the national average, then performance would be measured by comparing your rate with the national average. The result of this comparison would be an outcome indicator as well as a measure of quality.
- Some output indicators are also outcome indicators. If your objective is to increase the number of clients served by 1,000, then performance would be gauged by the change in number of clients served. "Number of clients served" would usually be considered an output indicator, but in this case, it could be considered an outcome indicator as well. (An even better solution to this particular situation would be to target a percentage change in the number of clients served and to use "number of clients served" as an output indicator and "percentage change in number of clients served" as an outcome indicator.)

In general, the focus of an objective (that is, whether the objective is output-oriented, outcome-oriented, efficiency-oriented, or quality-oriented) affects the taxonomy of the performance indicator.

**It is important to select a balanced set of meaningful indicators to measure program performance.** No minimum or maximum number of indicators is required per objective. Rather, you should have at least one outcome indicator and as many of the other indicator types as are appropriate to provide a clear view of performance progress.

**Explanatory notes may accompany performance indicators.** They help everyone gain a more complete understanding of performance indicators. They establish context and fill in the background. Explanatory notes identify input, program, and external variables and explain how those variables affect performance. They provide a link among indicators that should be used in tandem. So, feel free to footnote.

## Performance Indicator Levels

Performance indicators may be key, supporting, or general performance information level.

- Key indicators and are included in the executive budget and general or ancillary appropriations bill. Performance standards for key indicators are established during the appropriation process. For key indicators, interim targets and actual performance must be reported in each quarterly performance progress report.
- Supporting indicators have performance standards and are included in the executive budget supporting document but not in the executive budget and general or ancillary appropriations bill. Performance standards for supporting indicators are established during the appropriation process. For supporting indicators, interim targets and actual performance must be reported in only midyear and yearend performance progress reports.
- General performance information (GPI) indicators are reported on an actual basis. Performance standards are not established for GPI indicators. Although GPI indicators are reported as part of the progress reporting process, they are reported on an actual basis only at midyear and yearend.

The OPB has ultimate responsibility and authority to determine which performance indicators will be included and assign the level at which they will be included in the executive budget and executive budget supporting document. However, the OPB gives careful consideration to the key or supporting designations in operational plans.

## Performance Standard

A performance standard is the expected level of performance associated with a particular performance indicator for a particular fiscal year and funding level. Performance standards are proposed during the budget development process and established during the appropriation process. Performance standards are commitments for service; they identify the level of performance linked with the level of funding budgeted/appropriated.



### REMEMBER

After the OPB determines a preliminary budget recommendation for a budget unit, the OPB sends a draft program narrative, with performance spreadsheets, to that budget unit. The budget unit should carefully and thoughtfully fill in the blank "Recommended Budget Level" column with performance indicator values that accurately reflect anticipated performance/service levels at the budget level recommended by the OPB for the upcoming fiscal year. These recommended budget level performance indicator values are proposed performance standards.

Performance standards are as much a part of an appropriations act as the appropriation levels and authorized positions contained in the act. Performance standards may be revised only through the August 15th performance standard adjustment and BA-7 budget adjustment processes. In both instruments, performance standard revisions are linked to budget/appropriation changes.

### GUIDELINES

See [PERFORMANCE ACCOUNTABILITY](#) and ["Performance Standards: Guidelines for Development and Revision"](#) (available on the OPB website) for more information on performance standards.

## Reporting Performance in the Operational Plan

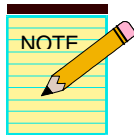
Each objective should be accompanied by a balanced set of meaningful performance indicators. Performance must be reported in tabular format with numeric indicator values. Performance data may be augmented with graphs, charts, and other materials. The OPB provides program performance forms (one for general appropriation agencies and one for ancillary appropriation agencies) that include worksheets for basic or standard performance indicator tables as well as general performance indicator tables. See the OP Form for General Appropriation Agencies and the OP Form for Ancillary Appropriation Agencies.

### Basic or Standard Performance Indicator Table Format

The basic or standard performance indicator table (see page 42) includes columns for performance indicator level (key or supporting), performance indicator name, and performance indicator values for:

- Prior year performance standard. This is the performance standard shown in the Louisiana Performance Accountability System (LaPAS) for the end of the fiscal year just ended. If you are using a performance indicator that did not have a standard in the prior fiscal year, put "Not applicable" in the column. Add a footnote explaining why there is no prior year performance standard.
- Prior year actual performance. This is the actual performance achieved during the prior fiscal year. This figure should be the same as the yearend actual reported in your Yearend (or Fourth Quarter) Performance Progress Report (due September 8) for the fiscal year just ended. If it does not agree with the figure reported in LaPAS, add a footnote to explain the difference. All prior year actual performance indicator values should be real, hard numbers. If you report anything other than an actual figure (for example, "Not available" or an estimated figure) for a prior year, include a footnote to explain why an actual figure is not available.
- Performance standard at initial operating budget level. This is the performance standard shown in the general or ancillary appropriations act for the current fiscal year and in the performance spreadsheets provided by the OPB with your current year appropriation letter. If you are using a new performance indicator (one that was not used in budget development or appropriation for the current fiscal year and therefore does not have a performance standard or appear in the LaPAS database), put "Not applicable" in the column. Add a footnote explaining why the indicator does not have an initial performance standard.
- Performance standard at existing operating budget level. This is the most current performance standard for the performance indicator; it reflects any changes associated with August 15th performance standard adjustments or BA-7 budget adjustments. When a performance standard is adjusted by one of these instruments, the OPB revises that performance standard in LaPAS. When a performance indicator is created and a performance standard established as a result of an August 15<sup>th</sup> performance standard adjustment or BA-7 adjustment, that indicator and performance standard are added to

LaPAS by the OPB. For existing operating budget (EOB) values, report the performance standard shown in the LaPAS database as of the EOB date cited in budget preparation instructions. (The OPB will adjust EOB performance standard values to reflect any approved adjustments that occur after the EOB date cited in budget preparation instructions up to the date used for EOB appropriation amounts in the Executive Budget.)



If the current year performance standard for an indicator differs significantly from what you believe actual yearend performance will be, you may add an explanatory note indicating what you anticipate yearend performance to be and why it varies so greatly from the standard. This situation may occur because of unanticipated external factors that significantly affect the performance environment or as a result of a poor projection made during the budget development process. Regardless of the cause, you may use a footnote to explain the situation. However, you must report the performance standard under the existing operating budget column. Further, if the anticipated yearend actual performance identified and explained in your footnote differs significantly from the interim targets and comments shown in LaPAS, then you should reconcile those differences in your footnote.

If your operational plan includes a new performance indicator for which there is no existing standard, provide an estimate of anticipated performance or service level through the end of the current fiscal year. Do not use a year-to-date actual number. (You may use year-to-date actual figures to help you estimate a yearend total, but do not put a partial year number in the existing operating budget column.) Add a footnote explaining that the existing operating budget level is an estimate and not a standard. Your footnote should also explain the basis for your estimate.

- Projected performance value at continuation budget level. Unless you are reporting data as general performance information (see section below), you must project a performance value for the ensuing fiscal year. This value may reflect adjustments requested in Continuation Budget forms but must not include enhancements requested in New or Expanded Services forms. Continuation level performance is not an automatic extension or duplication of the existing performance standard; it should reflect anticipated changes in external business environment or internal management. If you have indicated that the current estimate of yearend actual performance differs significantly from the performance standard for an indicator, your continuation level value should take that expected difference into account.



**REMEMBER**

If you use a new performance indicator that has no prior year or current year performance standard, it is appropriate to show "Not applicable" in those columns. However, you must make a reasonable effort to gather and provide prior year actual data. In the existing operating budget column provide an estimate for the existing operating budget value. Basic or standard performance indicator tables that show "Not applicable" or "Not available" in all prior year and current fiscal year columns raise the question: "If you have no baseline data, then on what basis did you set your objective and target your performance indicator value for the upcoming fiscal year?"

For the operational plan, do not complete the "Recommended Budget Level" column in the Program Performance Form. You will complete that column after the OPB notifies you of the funding level being recommended in the Executive Budget for your budget units and programs.



### Operational Plan Standard Performance Indicator Table

DEPARTMENT ID:  
 AGENCY ID:  
 PROGRAM ID:

1. Enter objective level and text here.

Strategic Link:  
*Louisiana: Vision 2020* Link:  
 Children's Cabinet Link:  
 Other Link(s):

Explanatory Note:

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 2000-2001	ACTUAL YEAREND PERFORMANCE FY 2000-2001	ACT 12 PERFORMANCE STANDARD FY 2001-2002	EXISTING PERFORMANCE STANDARD FY 2001-2002	AT CONTINUATION BUDGET LEVEL FY 2002-2003	AT RECOMMENDED BUDGET LEVEL FY 2002-2003

<sup>1</sup> Enter footnote here.  
 2  
 3  
 4  
 5  
 6  
 7  
 8

Do not submit performance indicator values for a "requested budget level" in your operational plan. You may document the performance impacts of enhancements on New or Expanded Services Forms. If these enhancements are part of the OPB budget recommendation, then you may include those performance impacts in the recommended budget level values you add to performance spreadsheets after you receive the OPB Executive Budget recommendation.

#### General Performance Information Tables and Other Materials

General performance information indicators (historical or trend tables, charts, and graphics as well as external comparisons of performance) may be provided as appropriate. Not every performance indicator needs to be presented in a multiple-year setting. However, some indicators may be reported best in a historical or trend chart. To demonstrate performance trends, include three to five years (five is preferable) of actual data. Rankings and external comparisons may be included to show how Louisiana's programs and performance compare to those in other states or the private sector. However, most state rankings or ratings are reported only on an annual basis and cover only prior fiscal or calendar years. Sample layouts for historical or trend

## Operational Plan General Performance Information Indicator Trend Table

DEPARTMENT ID: AGENCY ID: PROGRAM ID:					
GENERAL PERFORMANCE INFORMATION:					
PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUE				
	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00	PRIOR YEAR ACTUAL FY 2000-01
1					
2					
3					
4					
5					
6					

tables and external comparison tables are included in the Operational Plan Form and shown on above and on the following page.

Explanatory material may be included to further clarify and explain performance, trends, or comparisons. Other materials may be used to support the operational plan. These may include: internal or outside statistical information, spreadsheets, surveys or rankings; internal plans, studies, evaluations, reports, and publications; or any other supporting materials.

Indicators included in general performance information do not become performance standards but are reported in LaPAS. General performance data tables may appear in the Executive Budget Supporting Document but are not included in the Executive Budget. General performance information appearing in an appropriations bill is not considered a part of the appropriations act. Because of different reporting requirements for general performance information and standard performance indicators, you should discuss proposed changes in the way you report performance (shifting from standard performance indicator to general performance information or *vice versa*) with OPB and legislative staff before you make those changes in your OP.



### Additional Guidelines for Reporting Performance Information

**It is essential that the performance indicators and other data cited in the operational plan be meaningful, clear, simple but informative, accurate, consistent, and verifiable. Further:**

## Operational Plan General Performance Information Indicator External Comparison Table

GENERAL PERFORMANCE INFORMATION: SOUTHERN STATES	
STATE	
Alabama	
Arkansas	
Florida	
Georgia	
Kentucky	
<b>Louisiana</b>	
Maryland	
Mississippi	
North Carolina	
Oklahoma	
South Carolina	
Tennessee	
Texas	
Virginia	
West Virginia	
AVERAGE	
1	
2	
3	
4	
5	
6	
Source:	

- Performance indicators should, of course, be related to the objectives under which they appear. If the relationship is not immediately apparent, explain why the indicator is shown under a particular objective and what it means.
- Performance indicators are measurements of the performance or service levels associated with budgets/appropriations. However, unless you are using your budget/appropriation amounts as input indicator values, it is not necessary to put the dollar amount of your funding in performance indicator tables.

Although a balanced set of indicators is necessary for budget decision making, emphasis should be placed on outcome indicators. Labeling indicators by type is optional.

- To assist the OPB in pinpointing key performance indicators, label or otherwise identify those performance indicators that you consider to be key indicators as opposed to supporting indicators. To determine which indicators are key, consider the following:
  - Is this indicator an outcome indicator?

- Is this indicator related to a key objective? Key objectives may have both key and supporting performance indicators. However, a supporting objective may have only supporting indicators.
- Is this indicator related to a "big ticket item" (a major or mandated activity or outcome requiring extensive allocation of resources) or the annualization of a recent, significant budgetary enhancement?
- Is this indicator related to a "hot button" item (a prominent or persistent issue or problem)?
- Who values the indicator? Has this indicator been identified as key in the past by legislative committees and staff, the OPB, performance auditors, your program managers and staff, and/or other decision makers?

**REMEMBER**

The OPB has ultimate responsibility and authority to determine which performance indicators will be included and assign the level at which they will be included in the Executive Budget and Executive Budget Supporting Document. However, the OPB gives careful consideration to the key or supporting designations in operational plans.

- Be sure that the performance indicator name clearly describes what you are measuring. Do not use acronyms unless you have first spelled out the complete name or title for which the acronym stands. Do not use technical terms or jargon unless absolutely necessary and then provide clear, simple definitions or explanatory notes.
- Report performance indicator values on a cumulative fiscal year basis. If there is a good reason to report on some other basis (calendar year, school year, federal fiscal year, program year, as of a particular date within the fiscal year, average daily count, etc.), identify the other reporting period and, if appropriate, explain why you are using it.
- When making a regional comparison of Louisiana and other states, the most common combination of 15 states is: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia. If you are using some other combination of states, be sure to identify the makeup of the regional group. (For example, the Southern Region Education Board and some federal statistical databases include Delaware in the southern region; the 16-state region of the Southern Legislative Conference includes Missouri.)
- If you are comparing Louisiana to a national average, median, or composite, be sure to provide any explanatory information necessary to explain the basis and result of the comparison. Identify the source of the comparative information.
- If you use and report data from some source outside your department/agency or program, be sure to cite the source fully. If your department/agency or program is a large one with many databases and data products, cite the particular in-house database or data product from which performance information is extracted.
- Be consistent in what you report and how your data are calculated and reported.

- Once meaningful performance indicators have been developed, use them consistently. Unless there is a valid reason to change, measure the same things and use the same terms, definitions, measurement periods, and sources each year. If, however, indicators that have been used in the past are no longer meaningful, reliable, or appropriate, do not repeat them needlessly. Confusion can be avoided if you discuss significant changes in performance information with OPB analysts before you submit your operational plan or if you provide a brief explanation for modifying or dropping long-used indicators in the OP.
  - Programs that are reporting the same performance indicator must be uniform or consistent in how those indicators are named, defined and calculated. (For example, each adult correctional institution in the Office of Corrections Services reports the same performance data in the same way at the same time.) This requirement crosses budget unit boundaries. (For example, there are various programs or activities in different budget units addressing aspects of the teen pregnancy issue. Workforce development activities occur in many different departments. Museums are found in at least two different budget units. Personnel, accounting, and procurement functions are present in most departments/agencies.) Programs or activities that are providing the same type of service or addressing the same need or issue should work together to develop and report common indicators for common areas.
- To the maximum extent possible, use standard definitions and generally accepted or recognized calculation methods and formulas. For example: The definition and calculation method for incarceration rate are established by the U.S. Bureau of Justice Statistics; the calculation method for highway death rates is set by the National Highway Traffic Safety Administration. There are standard ways to calculate full-time equivalent employment, per capita expenditures and certain caseloads or workloads; there are also standard ways to adjust comparisons for population differences.

If there is no standard definition or generally accepted calculation methodology or formula, or if you have chosen not to use a standard definition or generally accepted calculation methodology or formula, then explain the basis on which you are defining terms and calculation rates. (Documentation of validity of performance indicators should have been prepared during strategic planning. If you are now using performance indicators that were not validated as part of your strategic plan, it is especially important that you give thought to this issue during operational planning.)

- Do not use the abbreviation "NA" since it can mean either "Not available" or "Not applicable." If you need to use either of these designations, spell out the entire phrase. If you use either "Not available" or "Not applicable" for a performance indicator value, then you must add a footnote explaining why the data are not available or not applicable.
- Do not include decimals in dollar figures; round to the nearest dollar. (There are some exceptions, such as average daily costs, which may differ by only pennies, or dollar amounts expressed in millions or billions, when it may be appropriate to carry the figure to at least one decimal place.) If you are expressing dollar amounts in millions, indicate such in the name of the indicator (Example: Total tax collections [in millions]).

- Carry calculations and percentages to one decimal point only (example: 24.5%) unless there is a valid reason to do otherwise.

## **Organization, Program Structure, and Activity Structure Charts**

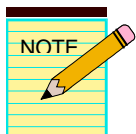
The operational plan should include: (1) an organizational chart (showing organizational structure for the budget unit as a whole); (2) a program structure chart that identifies a budget unit's programs and each program's activities.

## **Program Contact Person(s)**

Provide the name, title, and contact numbers (telephone, FAX, and e-mail) of the person(s) whom OPB analysts should contact if there are questions about the operational plan or if additional information is required. This contact should be the person who coordinated or prepared the operational plan. However, for budget units encompassing many programs, you may wish to provide a list of contacts, one for each program described in the operational plan, in addition to the principal or coordinating contact person.

## **Additional Requirements of Louisiana Workforce Commission**

Under the provisions of Act 1 of 1997, which created the Louisiana Workforce Commission (LWC), each agency responsible for workforce development programs is required to submit an annual operational plan for each such program that it administers to the commission for review and approval. (As indicated by the LWC, agencies required to submit a workforce development budget request are: Department of Economic Development, Department of Public Safety and Corrections–Corrections Services, Department of Social Services, Department of Labor, Department of Education, higher education–Board of Regents and management boards, Department of Military Affairs, and the Offices of Lifelong Learning/Workforce Development, Elderly Affairs, and Women's Services.) Agency operational plans are submitted to the commission along with their workforce development budget requests. The specific operational plan requirements of Act 1 exceed the basic OP requirements described above, and the LWC has developed forms and guidelines designed to gather the information it needs. LWC forms and guidelines appear on the OPB website with other budget forms and instructions.



The LWC addendum does not replace but supplements the basic operational plan requirements described above. Budget units subject to Act 1 of 1997 must submit the LWC addendum in addition to the basic operational plan.

Questions regarding the Louisiana Workforce Commission budget request forms should be directed to the Lifelong Learning/Workforce Commission Office in the Office of the Governor. The telephone number is (225) 342-2462 and the fax number is (225) 342-1494.



## Existing Operating Budget (BR Forms)

The Existing Operating Budget uses Budget Request or BR forms to describe, in both summary and object code detail, the initial operating budget as adjusted for actions taken by the Joint Legislative Committee on the Budget (JLCB), the Interim Emergency Board, the legislature, or the governor, in accordance with law. BR forms and instructions are available from the OPB website.

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### HOW TO: Prepare Existing Operating Budget Forms (BR Forms)

Existing operating budget (EOB) is the current year appropriation level, adjusted for all BA-7s or other official appropriation instruments, as of a particular date designated each year by the Office of Planning and Budget (OPB) in the budget preparation instructions issued by September 20<sup>th</sup> each year. Usually, EOB date coincides with the last JLCB meeting before the budget request submission deadline.

BR forms require information on means of financing as well as actual expenditures for the prior fiscal year, budgeted expenditures for the existing fiscal year, and total requested expenditures for the forthcoming fiscal year. There are over twenty (20) BR forms—many with additional detail sheets—covering means of financing as well as operating budget expenditure categories (such as salaries, operating expenses, professional services, other charges, and acquisitions and major repairs) and objects within those categories. In addition, the number of classified and unclassified positions must be identified.

BR forms are generic--that is they ask the same questions for all programs. Programs may be asked by their OPB budget analysts to augment these standard forms with information or data to clarify issues.

End of HELP Topic

## Continuation Budget (CB Forms)

Continuation Budget uses CB forms to describe continuation level, an important interim step in the budget development process. Continuation level is that funding level for each budget unit that reflects the financial resources necessary to carry on all existing programs and functions of the budget unit at their current level of service in the ensuing fiscal year. This includes any adjustments necessary to account for the increased cost of services or materials due to inflation and estimated increases in workload requirements resulting from demographic or other changes. CB forms and instructions are available from the OPB website.


 HELP

## HOW TO: Prepare Continuation Budget Forms (CB Forms)

The formula for calculating continuation level is:

$$\begin{array}{rcl}
 \$ & \text{Appropriation Level} & \\
 - & \text{Nonrecurring Adjustments} & \\
 + & \text{Inflation Adjustments} & \\
 + & \text{Compulsory Adjustments} & \\
 +/- & \text{Workload Adjustments} & \\
 +/- & \text{Other Adjustments} & \\
 = & \text{Continuation Level.} & 
 \end{array}$$

By definition, equipment and major repairs are considered nonrecurring and must be zeroed out. Other examples of nonrecurring expenditures include: funds carried forward from the prior year, Interim Emergency Board funds, one-time professional services contracts, one-time other charges expenses, moving expenses, and telephone installation charges.

Inflation adjustments are included in the guidelines issued by the OPB each year. Typically, the medical inflation factor is higher than the standard inflation factor.

Compulsory adjustments include two types of increases:

1. Those adjustments common to all state agencies, such as merit pay, group insurance, etc., as specified in the OPB annual guidelines; and
2. The annualized cost of an activity that was funded by the legislature to be phased in by an agency during the course of the current fiscal year.

Workload adjustments are adjustments that are not the product of agency initiative. A workload adjustment must be a quantifiable workload increase for an ongoing activity that is not currently funded at the level projected for the forthcoming fiscal year. An example would be enrollment in a public college or university and the resulting need for more or fewer faculty and staff.

Other adjustments are adjustments to budget items that have not been covered under any other heading but are included in the definition of continuation level.

Continuation Budget (CB) forms are used to establish continuation level. Because all agencies are not alike, CB forms were developed on a relatively high level with generic terminology. They are designed as a starting point and, therefore, are the minimum requirements. Programs may be asked by their OPB budget analysts to augment these standard forms with information or data to clarify issues. Each CB form should be characterized by mathematical accuracy, quantified workload and output measurements, solid standards, and other cost component data.

## Technical/Other Adjustment Package (T/OAP Forms)

Technical/Other Adjustment Package uses T/OAP forms to display and recap all adjustments from the existing operating budget, by program, within each budget unit. T/OAPs allow for the transfer of a program or function from one budget unit (department/agency) to another. However, any changes using these forms must have a zero statewide impact. Any increases in revenues and expenditures on a statewide basis must be reflected on the Continuation Budget and New or Expanded Services forms only. T/OAP forms are available on the OPB website.

**HELP**

### HOW TO: Prepare Technical/Other Adjustment Forms (T/OAP Forms)

Each T/OAP consists of a title page, a summary sheet for means of financing and expenditures (T/OAP 1-A Form), and a narrative (T/OAP 2-A Form).

**T/OAP 1-A Form:** The purpose of the T/OAP 1-A Form is to display by category and object of expenditure and source of funding the adjustment that is being requested from the Continuation Budget for that specific program.

**T/OAP 2-A Form:** The T/OAP 2-A Form is used to justify and describe each proposed budget adjustment, including an explanation of every change in means of financing and/or expenditures at the line item and object level shown in the "Requested in This Adjustment Package" column of the T/OAP-1A. This explanation must provide a clear description of the purpose and need for the expenditure change, and must also show the means of financing, indicating the legal citation where applicable, associated with the change.

In addition, the impact of the change with the effects on all performance indicators as reflected in the Operational Plan must be fully explained, along with any budgetary peculiarities. Be sure to indicate if the change is positive (+) or negative (-).

Particular attention should be paid to Professional Services and Other Charges when completing the T/OAP 2-A Form.

**End of HELP Topic**

## New or Expanded Services Requests (NE Forms)

New or Expanded Service Requests use NE forms to provide a clear description of requested expenditures, means of financing, and service level impact of proposed or expanded services (activities or functions) by which the operating budget will be increased. NE forms are available on the OPB website.

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### HOW TO: Prepare New or Expanded Services Requests (NE Forms)

NE forms provide information relative to the cost of new or expanded services. New or expanded services are defined as:

1. Increases caused by a change in regulations or procedures that are/were controlled by the agency; and
2. Additional services not previously provided.

Decision makers recognize that financial information appearing on these forms is the product of a more involved planning process. First, a need must clearly exist for changing the quality or quantity of a service or for adding a new service. It may be brought about by an intentional change in the number of clients served or public demand for a service not presently provided. Once the need has been recognized, various mixes of inputs (personal services, contractual services, travel, etc.) are considered as a means of satisfying the need. Ultimately, the best combination is selected and a dollar value is determined. This becomes the financial plan that is reflected on the NE-A, NE-B, and NE-C forms.

NE-C forms require an explanation of the need for, the objectives of, and the strategies for implementation of the proposed new or expanded service. Performance indicators reflecting the improvements in service delivery that would be accomplished through the new or expanded service should be included.

In order for OPB analysts to better understand how an agency arrived at this financial plan, the options that were considered for satisfying the need should be shown. A conscientious approach to completing NE forms will not only assist agencies in the planning and decision-making process, but it will also enhance the acceptability of the proposed new or expanded service to other decision makers.

No restrictions are placed on what an agency may request as a new or expanded service. However, consideration should be given by the agencies to the state's limited resources. NE forms must be identified by program. Where applicable, each request must be approved and placed in a priority sequence at the departmental level.

## Total Request Summary (TR-SUMM Forms)

Total Request Summary uses TR-SUMM forms to provide a ready reference and a cross-check of the "total budget request document." TR-SUMM forms are available on the OPB website.

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### HOW TO: Prepare Total Request Summary (TR-SUMM Forms)

A TR-SUMM form should be completed for each program, agency, office (if applicable), and department. It is designed to provide a summary of all the requested adjustments that have been made to arrive at the total budget request. Information must be provided for prior year actual, initial operating budget, existing operating budget, total continuation level adjustments, total technical/other adjustment packages, total new or expanded services, total request, and differences (over/under) total request and existing operating budget.

End of HELP Topic

## Budget Request Addenda

There are five addenda to the total budget request packet: Activities, Sunset Review, Information Technology, Children's Budget, and Louisiana Workforce Commission. All addenda forms and detailed instructions are available on the OPB website. These addenda should be submitted to the OPB as separate packages accompanying the total budget request.

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### HOW TO: Prepare Budget Request Addenda

#### Activities Addendum

The Activities Addendum, which breaks programs into discretionary and non-discretionary activities, consists of three forms:

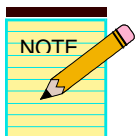
- Recap of Discretionary and Nondiscretionary Costs by Activity Report;
- Nondiscretionary Costs by Activity; and
- Discretionary Costs by Activity.

The Recap of Discretionary and Nondiscretionary Costs by Activity Report must be completed for every activity agreed upon by both the department and the OPB. It provides a summary of all requested adjustments based upon discretionary and nondiscretionary costs.

The Nondiscretionary Costs by Activity Form identifies nondiscretionary funding of the activity. Nondiscretionary spending is defined as: "How much of the budget must be spent for certain activities or in certain ways because of constitutional provisions, unavoidable obligations, federal mandates, loss of federal funds, debt service requirements, consent decree requirements, legislative discretion, or contractual obligation?" The amount remaining after the nondiscretionary spending has been identified for a specific activity is discretionary and should be reported on the Discretionary Costs Activity Form.

The Discretionary Costs by Activity Form identifies discretionary funding of the activity. The amount remaining after the nondiscretionary spending has been identified for a specific activity is discretionary and should be reported on this form.

An activity which has both discretionary and nondiscretionary funding will be captured on two separate forms (the Nondiscretionary Costs by Activity Form and the Discretionary Costs by Activity Form) and totaled on the Recap of Discretionary and Nondiscretionary Costs by Activity Report.



A separate form does not have to be filled out if the only nondiscretionary funding is rent and/or maintenance in state buildings. Instead, rent and/or maintenance in state buildings should be included with the discretionary activities if it is the only nondiscretionary item. Space is provided at the bottom of the Discretionary Costs by Activity Form to highlight the amount included for rent and/or maintenance of state buildings.

A priority ranking by department, agency, and program should be determined for all activities. The ranking should be numerical order with 1 being the most important activity and the highest number on the form being the least important. Because they will be presented on separate forms, an activity with both discretionary and nondiscretionary spending will have rankings assigned to both. Nondiscretionary items should have a higher ranking than discretionary items

## **Sunset Review Addendum**

The Sunset Review Addendum identifies legislatively authorized activities for which implementation funding has not been provided. Sunset review provides a mechanism for the legislature to annually review, terminate, or provide funding for legislatively authorized activities for which implementation funding has not been provided. R.S. 49:191.1 requires each budget unit of the state to list all activities that the budget unit has been directed to administer (through legislatively authorized programs and acts of the legislature), for which no funds were appropriated in the existing operating budget. ("Activity" is defined as "a distinct subset of functions or services within a program.") This listing must be submitted as an addendum to the annual budget request. The Sunset Review Budget Request Addendum (SRBRA) form provides a means for budget units to submit this addendum as a separate package along with the total budget request package.

The Sunset Review Budget Request Addendum must be prepared and submitted annually by each budget unit (whether or not that budget unit is currently up for full sunset review). A SRBRA form must be completed for each program in the budget unit.



The purpose of this form is to display information on all currently unfunded legislative mandates (activities authorized by the legislature for which no funds were appropriated in the existing operating budget). This includes the legal citation and year authorizing creation, funding history, and first-year and second-year estimated costs, by means of financing (assuming that the activities were to start in the upcoming fiscal year). "Unfunded legislative mandate" does not refer to activities that are considered "underfunded" by the budget unit (that is, activities with funding considered by management to be insufficient for full implementation or expansion of services). "Unfunded legislative mandate" does not apply to any activity that is being funded out of the existing operating budget but for which funds were not specifically appropriated.

## **Information Technology Addendum**

The Information Technology addendum requests costs associated with the operation of information technology activities. The addendum includes the following summary and detail sheets:

- IT-0 – Departmental Summary. This form is a recapitulation of form(s) IT-1, combining by agency, the totals of pertinent information relating to Informational Technology for a department. This form is designed to provide a department review of Information Technology funding and expenditures presenting information for the Prior Fiscal Year, the Existing Operating Budget, Continuation Level Adjustments, Technical/Other Adjustments (T/OAPs), New or Expanded Adjustments (NEs), and the Total Request.
- IT-1 – Agency Summary. This form is a recapitulation of form(s) IT-2, combining by program(s), the totals of pertinent information relating to Information Technology for an agency. This form is designed to provide an agency review of Information Technology funding and expenditures presenting information for the Prior Fiscal Year, the Existing Operating Budget, Continuation Level Adjustments, Technical/Other Adjustments, New or Expanded Adjustments, and the Total Request.
- IT-2 – Program Summary. This form provides, by program, pertinent information relating to Information Technology costs and requests only. This form is designed to provide, by program, a review of Information Technology funding and expenditures presenting information for the Prior Fiscal Year, the Existing Operating Budget, Continuation Level Adjustments, Technical/Other Adjustments, New or Expanded Adjustments, and the Total Request. There should be one IT-2 form per program.
- IT-3 – Schedule of Personal Services. This form provides information in regards to the expenditures for salaries, wages, and related benefits provided for all persons (classified and unclassified) employed by the state governmental unit in regards to information technology.
- IT-4 – Schedule of Operating Services. This form provides information by program on Information Technology Operating Services expenditures. The Uniform Chart of Accounts identifies the applicable object codes and they are included on the form.

- IT-4A – Schedule of Contract Services. This form provides information by program on costs and requested expenditures for Data Processing Contract Services. Contract Services includes only those contracts paid from Data Processing–Contract Services (Object 2935) related to Information Technology. This expenditure differs from Professional Services in that it is approved through the Office of State Purchasing. Information is presented on this form for the Prior Year Actual, Existing Operating Budget, Continuation Level, Technical/Other Adjustments, New or Expanded Adjustments, and Total Request.
- IT-5 – Schedule of Supplies Costs. This form provides information by program on Information Technology Supplies expenditures. The Uniform Chart of Accounts identifies the applicable object codes and they are included on the form.
- IT-6 – Schedule of Other Charges-Professional Services. This form provides information by program on Information Technology Professional Services expenditures. This form includes only those contracts paid from Other Charges-Professional Services (Object 3740).
- IT-7 – Schedule of Computer Hardware and Software Costs. This form provides information by program on Information Technology costs for the acquisition and maintenance of computer hardware and software. The Uniform Chart of Accounts identifies the applicable object codes and they are included on the form.
- IT-8 – Schedule of Interagency Transfers. This form provides information by program on Information Technology Interagency Transfer expenses. The Uniform Chart of Accounts identifies one applicable object code: Interagency Transfers Data Processing (Object Code 4970).
- IT-9 – Schedule of Miscellaneous Costs. This form provides information by program on Information Technology costs for Miscellaneous costs. Miscellaneous costs include costs not previously identified by category of expenditure in Personal Services, Travel, Operating Services, Supplies, Other Charges, Acquisitions, and Interagency Transfers.

IT-10 – Information Technology Project/Initiative Request. The IT-10 must be submitted by agencies as a justification for budget requests containing proposed Information Technology (IT) projects and/or initiatives exceeding \$100,000 in the total amount for the budget requested fiscal year. The information submitted on this form is intended to provide a project or initiative perspective to IT procurements and contracts. For example, a systems implementation effort exceeding \$100,000 in total cost would require that the department prepare one *IT Request (IT-10)* form describing the overall project and also include the detail cost for professional services, equipment, software, personal services, etc. that may span several contracts, POs, etc.

If the IT-Request is greater than or equal to \$250,000, then the department or agency must submit an *IT-10A Details* form in addition to the IT-10 form. Thus, the IT-10 Request contains two forms:

- IT-10 - To be submitted for all projects, initiatives, or procurements  $\geq$  \$100,000

- IT-10A Details – To be submitted in addition to the IT-10 Form for all projects, initiatives, or procurements  $\geq$  \$250,000.

For the purposes of the IT-10 Request, a project or an initiative is defined to be a specific piece or set of hardware/peripherals or software application developed at department/agency expense or acquired from vendors, or any combination of these events, that serves current and future needs of the department/agency. Some examples of initiatives or projects include: equipment upgrades, modifications to existing systems, development of new systems, software acquisitions, replacement of PCs, networking solutions, videoconferencing services, hardware/software maintenance and support services, and professional services.

When determining whether the \$100,000 or \$250,000 thresholds apply, the submitting department/agency should take into account the total of all project/initiative expenses, including: hardware, software, professional services, IT services, personal services (additional personnel), networking.

Examples of Projects and/or Initiatives that **do require** completion of this form are:

- New systems development projects/initiatives
- Continuation of an existing multi-year development project/initiative
- Major upgrade or enhancement to an existing system
- Acquisition of hardware, software, networking, or IT services
- Items they may be procured off state contract

Examples of IT expenses that **do not require** completion of this form:

- Continuation of an existing multi-year lease, lease purchase, or finance agreement for equipment that has an approved by OIT through an IT Request.
- Continuation of an existing maintenance or support agreement for equipment, software, or IT services that has been approved by OIT through an IT Request.

## **Children's Budget Addendum**

The Children's Budget, as mandated by R.S. 46:2603 and 2604, is a subset of information provided elsewhere in the budget request and is designed to provide information relative to the cost of children's services. Children's Budget forms include Child Forms 0, DS, DC, AS, AC, Child-1 and Child-2.

In preparing these forms, the following definition is utilized for "child": A person 0 through 17 years of age. The lower limit includes the in utero period. Therefore, services to expectant mothers related to nurture of the fetus are considered services to children. Other ranges may be utilized only if the program/activity operates under mandatory guidelines which define "child" differently. In such cases, an explanatory note must appear in the first sentence of the service description on the Child-2 form citing the age range utilized and the justification (regulation, etc.) mandating its use.

All agencies should carefully analyze their programs and review the Children’s Budget Instructions before making a determination about whether or not they are subject to the provisions of the statute. The completed Children’s Budget addendum must be submitted to the Office of Planning and Budget; a copy must be submitted also to the Children’s Cabinet, Office of the Governor.

In addition, programs and program activities that are subject to inclusion in the Children’s Budget must identify the link between the Children’s Budget and program/activity objectives and performance in the program’s operational plan.

### **Louisiana Workforce Commission Addendum**

Budget units that are subject to the provisions of Act 1 of 1997, which created the Louisiana Workforce Commission (WFC), must comply with additional budget request requirements (except as limited, restricted, or otherwise prohibited by the Constitution of Louisiana). These budget units have been identified by the commission and . The WFC forms require summary data on the workforce development component(s) of a budget unit. Instructions and guidelines are provided for completion of a workforce development operational plan and budget request in a standard format for all workforce development programs. However, the budget forms WFC -1 through WFC -4 provide a basic format that may not be equally applicable or useful for every program; thus, the Workforce Commission encourages you to contact Commission staff for additional guidance in developing the necessary information in the manner that is most applicable, useful and expeditious for your agency.

The completed WFC addendum, along with a copy of the total budget request, must be submitted to the Louisiana Workforce Commission. In addition, the completed addendum should accompany all copies of the total budget request submitted to the Office of Planning and Budget.

### **Submission of Total Budget Request**

Submit the total budget request and addenda as follows:

To Recipient Agency

Number of Copies

Office of Planning and Budget  
Capitol Annex, 2nd Floor, Room 242  
1051 North 3<sup>rd</sup> Street  
P. O. Box 94095  
Baton Rouge, LA 70804-9095

Original and two (2) copies (three [3] sets in all) of the “total budget request” and addenda.

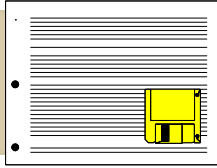
Legislative Fiscal Office  
18th Floor, State Capitol Building  
900 North 3rd Street  
P.O. Box 44097  
Baton Rouge, LA 70804

One (1) copy of the “total budget request” and addenda

Joint Legislative Committee on the Budget 1st Floor, Suite G, State Capitol Building Baton Rouge, LA 70804	Three (3) copies of the “total budget request” and addenda.
Performance Audit Division Office of the Legislative Auditor 1600 North Third Street Baton Rouge, LA 70802	One (1) copy of the “total budget request” and addenda.
Louisiana Workforce Commission Office of Workforce Commission Office of the Governor 224 Florida Boulevard, Suite 301 P.O. Box 94004 Baton Rouge, LA 70804-9004	Agencies subject to the provisions of Act 1 of 1997 must submit one (1 ) copy of the “total budget request” and Louisiana Workforce Commission addendum
Children’s Cabinet Office of the Governor P.O. Box 94004 Baton Rouge, LA 70804-9004	Agencies subject to the provisions of the Children’s Cabinet must submit one (1) copy of the Children’s Budget addendum
Office of Information Technology Division of Administration itbudget@doa.state.la.us	An electronic copy (preferably in Word or WordPerfect) of the IT-10 Form and/or IT-10A Details Form must be submitted via e-mail.

It is the responsibility of the submitting agency to ensure that all forms are delivered to the appropriate recipient agencies, as stated above or as identified in the budget request preparation instructions transmitted to budget units each year by September 20th. Budget request preparation instructions may identify specific individuals in the agencies listed above to whose attention the materials should be sent. Budget request preparation instructions may identify additional recipients of budget request materials.

**End of HELP Topic**



## Interaction During Budget Development

Departments/agencies (budget units) interact with the Office of Planning and Budget (OPB) and the commissioner of administration throughout the budget development process. However, key points in this interaction are:

- discussions between OPB budget analysts and agency/program contacts to clarify budget and performance issues;
- completion of performance information by submitting proposed performance standards; and
- preparation of an appeal related to an OPB executive budget funding recommendation.



## HOW TO: Complete Performance Information and Propose Performance Standards

Draft performance spreadsheets (see page 60 for an example) are transmitted to each budget unit, along with the OPB executive budget funding recommendation for that budget unit. These spreadsheets include program objectives, performance indicators, and explanatory notes as they stand at that point in budget development. Many spreadsheets have comments or questions from OPB analysts about the performance data.

Budget units should review all information on these spreadsheets, particularly the performance indicator values, for accuracy; and provide missing information; and verify that all OPB questions and comments have been addressed fully. Performance indicator values for the “At Recommended Budget Level” column should be provided, using the executive budget funding level recommended by the OPB.



If the review and completion of draft performance spreadsheets is being conducted by a department's Office of Management and Finance (or its equivalent) or coordinated at some other central agency level, communication and collaboration with agency program managers is essential.

## Reviewing and Completing Information in Performance Spreadsheets

Budget unit operational plans sometimes do not conform with the operational plan form and instructions provided by the OPB. In many cases, data provided in agency operational plans conflict with official performance data in the Louisiana Performance Accountability System



## Draft Executive Budget Performance Spreadsheet

This is an example of the draft performance spreadsheets that agencies receive from the Office of Planning and Budget along with their preliminary Executive Budget funding recommendation. Agencies must review the information, respond to questions and comments, fill in blanks, and provide proposed performance standards in the "At Recommended Budget Level" column.

5. (KEY) Through the Property and Casualty (P&C) and Life and Annuity (L&A) Division, Policy Forms Review Section, to pre-approve contract forms for use by consumers **within an average of 60 days.**

Strategic Link: This operational objective is related to Strategic Objective L3: *By June 30, 2001, implement an expedited review process which allows for handling of contract form filings and revisions within 60 days of receipt.*

Louisiana: Vision 2020 Link: **Not provided by agency.**

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Average number of days to process contract forms	Not applicable <sup>1</sup>	Not available <sup>1</sup>	Not applicable <sup>1</sup>	Not provided <sup>1</sup>	60	
K	Percentage of P&C and L&A forms approved <sup>2</sup>	Not applicable <sup>3</sup>	44.7%	Not applicable <sup>3</sup>	Not provided <sup>3</sup>	50%	

<sup>1</sup> This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and has no performance standards for FY 1999-2000 or FY 2000-2001. No data were collected or reported for this indicator in FY 1999-2000. The agency did not provide an estimate of the yearend FY 2000-2001 performance level for this indicator.

<sup>2</sup> The DOI has been working to educate companies in the correct procedures for form and rate filings. This indicator measures the success of those efforts. An increase in the percentage of forms approved reflects a better-educated, more compliant industry.

<sup>3</sup> This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and has no performance standards for FY 1999-2000 or FY 2000-2001. The agency did not provide an estimate of the yearend FY 2000-2001 performance level for this indicator.

Input and output indicators related to this objective are in the General Performance Information table that follows.

**OPB QUESTIONS AND COMMENTS DURING BUDGET DEVELOPMENT:**

11-14-00 - Ditto on the Vision 2020 Link.

11-14-00 - Please note that I've modified your objective to target the 60-day processing time that you have in your new PI. This makes the objective specific and measurable.

11-14-00 - Please note the "not provided" under existing performance standard for 2000-2001. Please remind the program manager that when a new indicator is used, you must provide an estimate of current yearend performance level under the "Existing Performance Standard" column. We'll footnote the figure as an estimate not a standard.

11-14-00 - I was able to calculate a 99-00 PYA for indicator #2 by dividing the number of approved forms by the total number processed. The numbers approved and disapproved are available in last year's program narrative and LaPAS.

(LaPAS). The OPB performance spreadsheets sent to budget units include notes and comments regarding these inconsistencies as well as OPB corrections to data that are inconsistent with official sources. If a budget unit has not already responded to OPB comments and questions regarding performance data, those responses must be provided at this time.

The Division of Administration has statutory authority to determine which performance information shall be included in the executive budget and its supporting document. The division also has the authority and responsibility to designate "key," "supporting," or "general performance information" status for objectives and performance indicators. The OPB values your input but is also mindful of the type and level of performance information needed by budget decision makers in both executive and legislative branches. Therefore, the OPB may not concur with your recommendations regarding indicator inclusion and level. The executive budget performance spreadsheets sent to you for review and completion may not include all performance indicators submitted in your operational plan; objectives and performance indicators may be shown at levels that differ from those you designated in your operational plan.

Review continuation budget level performance values. These values, as submitted in the operational plan incorporated the effects of workload and other adjustments requested in the Continuation Budget Forms. The continuation budget for an agency, as determined by the Office of Planning and Budget may differ from agency calculations. As a result, continuation performance values may need to be amended to reflect this difference. Trend or other data charts should be reviewed and any gaps filled. Explanatory notes should be reviewed and additional explanatory notes added as needed or requested by the OPB. Respond to any unanswered notes or questions from OPB analysts. These generally appear on the bottom of the spreadsheets.

### Proposing Performance Standards

"Recommended budget level" performance indicator values **must** be provided for all standard performance tables. A spreadsheet column entitled "At Recommended Budget Level FY \_\_\_-\_\_\_" is provided for this purpose. (See the example below.)

## Executive Budget Performance Spreadsheet with Proposed Performance Standards

5. (KEY) Through the Office of Licensing and Compliance, Property and Casualty (P&C) and Life and Annuity (L&A) Division, Policy Forms Review Section, to pre-approve contract forms for use by consumers within an average of 60 days.

Strategic Link: This operational objective is related to Strategic Objective 1.3: *By June 30, 2001, implement an expedited review process which allows for handling of contract form filings and revisions within 60 days of receipt.*

Louisiana: Vision 2020 Link: Not applicable  
 Children's Cabinet Link: Not applicable  
 Other Link(s): Not applicable

Explanatory Note: This section had a large backlog, with forms pending for as long as two years before review/approval/disapproval until recently. Several years ago, the DOI obtained additional positions for this section via BA-7. Staff are trained and new procedures are in place. Significant progress has been made in processing contract forms in a timely manner. Forms must be reviewed when a company wishes to introduce a new product and when laws, rules, and regulations require changes to policy forms. Review and approval of forms is required before a policy/product can be sold or used in the state, whether the form review/approval is a result of changes in law, rules, or regulations, or because the company is introducing a new or changed product to the state. Delays in reviewing and approving forms can impact access of Louisiana insurance consumers to new products and can delay the sale/use of forms changed as a result of changes in laws, rules, or regulations.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Average number of days to process P&C and L&A contract forms <sup>1</sup>	Not applicable <sup>1</sup>	Not available <sup>1</sup>	Not applicable <sup>1</sup>	60 <sup>1</sup>	60	60
K	Percentage of P&C and L&A forms approved <sup>2</sup>	Not applicable <sup>3</sup>	44.7%	Not applicable <sup>3</sup>	50% <sup>3</sup>	50%	50%

<sup>1</sup> This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and has no performance standards for FY 1999-2000 or FY 2000-2001. No data were collected or reported for this indicator in FY 1999-2000. The value shown for existing performance standard is an estimate of yearend performance, not a performance standard.

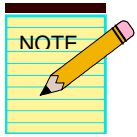
<sup>2</sup> The DOI has been working to educate companies in the correct procedures for form and rate filings. This indicator measures the success of those efforts. An increase in the percentage of forms approved reflects a better-educated, more compliant industry.

<sup>3</sup> This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and has no performance standards for FY 1999-2000 or FY 2000-2001. The value shown for existing performance standard is an estimate of yearend performance, not a performance standard.

Input and output indicators related to this objective are in the General Performance Information table that follows.

When completing this column, remember that performance values **must** reflect expected performance levels at the executive budget funding level recommended by the OPB. Do not list the dollar amount of your funding recommendation; provide the performance or service levels associated with that funding recommendation. Before you complete the "At Recommended

Budget Level” column, be sure that you understand what is in your executive budget funding level recommendation and what is not in that funding level. Then be sure that your performance indicator value for recommended budget level is tied to that funding level recommendation. (For example, do not base your performance levels on enhancements that you requested but did not receive in the OPB budget recommendation. Do not anticipate performance that might occur if a federal grant that is not included in the executive budget funding recommendation were received in the upcoming fiscal year.)



Whether or not a budget unit intends to appeal the OPB funding recommendation to the commissioner of administration, the “At Recommended Budget Level” column must be completed and returned to the OPB. For information on appealing an OPB funding recommendation, see the section below.

**Give careful consideration to the formulation of recommended funding level values. These figures are proposed performance standards.** Unless amended during the appropriation process, these figures become your performance standards for the upcoming fiscal year. Performance standards are commitments for service and are the performance levels against which your actual performance will be compared at yearend. Therefore, care in completion of your performance information is critical.

After you have completed a spreadsheet table, review the text of its related objective to determine whether or not it still reflects an appropriate level of accomplishment that is consistent with your performance indicator values at the recommended funding level.



See [PERFORMANCE ACCOUNTABILITY](#) and "[Performance Standards: Guidelines for Development and Revision](#)" (available on the OPB website) for more information on performance standards.

End of HELP Topic

**HELP**

## **HOW TO: Appeal an OPB Executive Budget Funding Level Recommendation**

During budget development, the commissioner of administration sets aside approximately two weeks during which agencies may appeal funding level recommendations made by the OPB. When OPB executive budget recommendations are transmitted to budget units, the period of time designated by the commissioner of administration for budget appeals will be announced and instructions and deadlines for appeals will be provided.

Appeals are not mandatory. However, if a budget unit elects to appeal the OPB funding recommendation, that appeal must be made on the basis of performance. Any request to change the OPB recommendation (for example, to restore funding, swap means of financing, or reallocate funding among programs) must be documented with expected performance outcomes

related to the request. Appeal materials must provide all the information needed by OPB analysts to complete executive budget materials if the commissioner agrees with an agency appeal. This information must appear in the same format as the performance spreadsheets already completed at the recommended budget level to present proposed performance standards. This affords a clear comparison of the performance outcomes associated with the funding level recommended by the OPB and the funding level requested in the agency appeal. Appeal materials must be submitted to the OPB before the appeal meeting.

For an appeal meeting, prepare performance spreadsheets in the same format as the OPB performance spreadsheets sent with the budget recommendation for your budget unit. Since OPB performance spreadsheets are transmitted to budget units electronically, you may use those Excel files as the basis of your appeal spreadsheets. However, appeal spreadsheets must include performance data supporting your appeal. Appeal spreadsheets should reflect the increased performance levels that would be attained through your proposal. To do this, revise your existing objectives to reflect a more aggressive target or add new objectives to reflect proposed results. Revise or add performance indicators to reflect your requested changes in funding. Do this by adding a "Proposed " column following the "At Recommended Budget Level" column. This column should contain performance indicator values at the funding level proposed in your appeal. Any additional explanatory notes or materials justifying your appeal should be placed at the bottom of the appropriate spreadsheet table and/or attached to the appropriate spreadsheet(s).

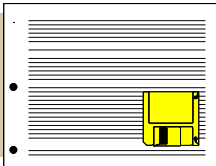
By adding a "Proposed" column after the "Recommended" column of the performance spreadsheet, it is possible to identify clearly the performance impact of the appeal. For example, in an appeal to fund a New or Expanded Services budget request, the "Proposed" column should document the specific performance results to be generated. For an appeal of a reduction to existing funding level, the "Recommended" column should identify the service loss to the state if that cut is made and the "Proposed" column should show the effect of restored funding.

Whether the commissioner of administration agrees with your appeal request or opts to sustain the OPB funding recommendation, the performance information needed to complete preparation of the executive budget and its supporting document must be provided. For example, if the commissioner agrees with your appeal request, then OPB analysts can substitute the performance values in the "Proposed" column for the values in the "Recommended" column in the final draft of the executive budget and its supporting document. If the commissioner does not agree with your appeal, then the values in the "Recommended" column stand.

As you prepare performance information to justify your appeal, review the performance information included in your operational plan and other budget request forms. Give special attention to the performance spreadsheets provided to you by the OPB as well as your completed versions of those spreadsheets. Once you have added "recommended" level performance values and responded to comments and questions from OPB analysts, these reviewed and completed spreadsheets contain the most recent performance information available about the service impacts of the OPB budget recommendation for your agency. Build your appeal request and justification spreadsheets on this information. Remember that, in some cases, you will have to add new objectives and performance indicators to demonstrate the benefits of a new service. If your appeal package is being prepared by the Office of Management and Finance (or its equivalent) in your department/agency or coordinated at some other central agency level, communication and collaboration with agency program managers is essential.

Send six copies of your appeal package (required spreadsheets and other documentation of justification) to the OPB before your appeal meeting. If you modify the appeal package after submitting it to the OPB, you must bring six revised sets of materials to your appeal meeting.

End of HELP Topic



## August 15<sup>th</sup> Performance Standard Adjustments

In order to ensure adoption of the most accurate expectations of agency performance within the state budget, Title 39 provides that performance standards contained in the adopted budget may, under certain circumstances, be adjusted at the beginning of the fiscal year. However, adjustments to objectives, performance indicators, and performance standards are limited to the following circumstances:

- A department or agency may request adjustment of key or supporting performance indicator standards based on its appropriation. The performance standards proposed in the general or ancillary appropriation bill, as introduced, are based on the governor's executive budget recommendations. During the legislative process, the performance impacts of amendments to the general or ancillary appropriation bill may not have been addressed. As a result, some performance standards (for key indicators contained in the appropriation act and/or supporting indicators contained in the Executive Budget Supporting Document) may not reflect changes between the executive budget recommendation and the appropriation enacted. Departments and agencies are urged to use the performance standard adjustment request process to adjust key and supporting objectives, performance indicators, and performance standards to bring them in line with changes—both increases and decreases—made in an appropriation after introduction of the appropriation bill.
- A department or agency may request adjustment of supporting objectives, performance indicators, and performance standards in the Executive Budget Supporting Document to correct technical errors (such as typographical errors).
- A department or agency may request adjustment of key or supporting objectives, performance indicators, and performance standards to incorporate the impact of legislation enacted during the most recent regular session or an extraordinary session occurring after the regular session, or to incorporate the impact of any change in federal rule, regulation, or law that became effective no earlier than one month prior to submission of the executive budget.
- A department or agency may have been directed by specific language in an appropriation act to submit new or adjusted performance information by August 15. The performance standard adjustment process may be used to introduce new performance indicators or

modify existing performance indicators when language in an appropriation act directs that performance information be developed, expanded, or altered; when an appropriation amendment funds a new program or activity; or when an appropriation amendment breaks out an activity for separate presentation in the appropriation act.

The August 15<sup>th</sup> performance standard adjustment process may not be used to seek revisions to prior year performance standards. Adjustment requests may not be based on failure to follow guidelines during development of performance standards or even the availability of more recent or accurate data. Performance variances related to these factors may be explained in the comment column of quarterly performance progress reports in the Louisiana Performance Accountability System (LaPAS). General Performance Information indicators are not subject to the performance standard adjustment process since they are reported on a prior year actual basis and do not have performance standards.

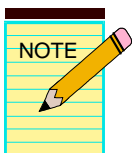

 HELP

## HOW TO: Prepare and Submit August 15<sup>th</sup> Performance Standard Adjustment Requests

Submit requests for adjustments to objectives, performance indicators, and performance standards to the Office of Planning and Budget (OPB) and the Joint Legislative Committee on the Budget (JLCB) (or a subcommittee thereof), using the Performance Standard Adjustment Request Form, no later than August 15<sup>th</sup> of the new fiscal year. Requested adjustments are subject to review and approval by both the OPB and the JLCB (or a subcommittee thereof).

### Performance Spreadsheets

To assist you in identifying needed performance standard adjustments, the OPB provides performance spreadsheets as an attachment to your appropriation letter. A spreadsheet table for each objective in each of your programs is provided. Each table identifies the agency (budget unit), program, objective, and both key (K) and supporting (S) performance indicator names and values. The next-to-last column has the performance indicator values associated with the funding level recommended in the executive budget; these values are the performance standards proposed at the beginning of the appropriation process. The final column identifies performance indicator values at the initial appropriation level, as shown in the appropriation act that applies to your agency; these values are the initial performance standards for the appropriated fiscal year.



You may notice some blank cells in the performance tables. Sometimes, during the appropriation process, performance indicators are created and new performance standards proposed but performance indicator values for prior year actual, initial operating budget, existing operating budget, or continuation levels are not provided by the budget unit. Performance tables show blanks where these values are missing. If this is the case for your budget unit, provide the missing values to the OPB by filling in copies of the pertinent tables and returning them to the OPB. If data are not available or not applicable, then "Not available" or "Not applicable" should be shown in the appropriate table cells.

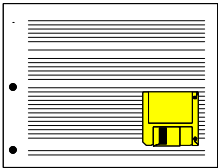


## Appropriation Act

To view the portion of the general or ancillary appropriation act that applies to your agency, go to the legislature's website (<http://www.legis.state.la.us/>) and use the bill/act search function or go to the OPB website for links to appropriation acts.

To the extent possible, the impact of amendments on performance information is tracked and performance standards are adjusted during the appropriation process. However, it is not always possible to identify the performance impacts of an amendment during the time-constrained legislative session. You should review the appropriation act(s) to determine the performance impact of those amendments for which no performance information was addressed during the legislative session and request any needed adjustments to performance standards.

Often, requested adjustments are revisions to objectives and performance indicator standards that already appear in budget and appropriation documents. However, if an appropriation amendment provides funding for a new or expanded service or breaks out an activity for separate presentation, the adjustment may require the establishment of new objectives and/or new performance indicators and standards.



### Performance Standard Adjustment Request Form

Requested adjustments should be submitted by program. The Performance Standard Adjustment Request Form provides a cover sheet that will allow you to cluster requests by program. The Performance Standard Adjustment Request Form (an MS Excel workbook file) is available on the OPB website ([www.doa.state.la.us/opb/index.htm](http://www.doa.state.la.us/opb/index.htm)) under [Forms, Formats, Guidelines, and Memorandum Archive](#). The form also appears on the following pages. The Performance Standard Adjustment Request Form (workbook) includes ten blank "request sheets." Use one request sheet for each program objective that must be adjusted or contains performance indicators for which standards should be adjusted. (If you need more than ten request sheets for a program, simply copy and insert additional request sheets.)

Complete one Performance Standard Adjustment Request Form (workbook) for each program under which adjustments are requested. Provide identifier information for department, agency, and program on the cover sheet. Each program cover sheet must be signed by the head of your budget unit and include the name, title, and telephone number of a contact person who can answer any questions about the request.

On each request sheet, provide:

- (a) identifier information on agency and program
- (b) the objective containing the performance standard or standard(s) that should be adjusted;
- (c) the performance indicator name, level, initial standard value, requested adjustment, and resulting revised standard value for each performance standard that should be adjusted;  
and



## August 15<sup>th</sup> Performance Standard Adjustment Request Form – Cover Sheet

STATE OF LOUISIANA  
DIVISION OF ADMINISTRATION  
OFFICE OF PLANNING AND BUDGET  
**PERFORMANCE STANDARD ADJUSTMENT REQUEST**

**COVER SHEET**

DATE: \_\_\_\_\_

OPB LOG NO.:

AGENCY REQUEST NO.: \_\_\_\_\_

DEPARTMENT NAME: \_\_\_\_\_

AGENCY NAME: \_\_\_\_\_

SCHEDULE NUMBER: \_\_\_\_\_

PROGRAM NAME: \_\_\_\_\_

Complete a cover sheet and request sheet(s) for each program for which you are requesting performance standard adjustments. Complete a separate request sheet for each program objective containing a performance indicator or indicators for which you are requesting a performance standard adjustment. Fill out as many copies of the request sheet as you need. If you need additional request sheets, copy and insert additional worksheets, where needed, to the workbook. Submit requests in hard copy, with signature of budget unit head.

HEAD OF BUDGET UNIT:

SIGNATURE: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

CONTACT PERSON: \_\_\_\_\_

TITLE: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_

FAX: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

## August 15<sup>th</sup> Performance Standard Adjustment Request Form – Request Sheet

STATE OF LOUISIANA  
 DIVISION OF ADMINISTRATION  
 OFFICE OF PLANNING AND BUDGET  
**PERFORMANCE STANDARD ADJUSTMENT REQUEST**

**REQUEST SHEET**

Requested adjustments may involve revisions to existing objectives and performance indicators or creation of new objectives and performance indicators. However, all adjustments must meet Title 39 criteria.

AGENCY NO.: \_\_\_\_\_ AGENCY NAME: \_\_\_\_\_

PROGRAM NAME: \_\_\_\_\_

OBJECTIVE: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE STANDARD		
		INITIAL FY____-____	ADJUSTMENT (+) OR (-)	REVISED FY____-____

**JUSTIFICATION FOR ADJUSTMENT:** Explain why the adjustment is necessary. Identify the specific appropriation change(s) or other event or Title 39 criteria to which the adjustment is related.

- (d) a complete justification (including specific appropriation change(s), other event or Title 39 criteria to which the request is related) for each requested adjustment.

If your budget unit has several programs that require performance standard adjustments, you must submit a separate form (Excel workbook) for each program and number the forms, using the blank provided on the cover sheet of the request form. For example, if your budget unit has three programs, each of which contains performance indicators for which the standards should be adjusted, then you would submit three Performance Standard Adjustment Request forms (Excel workbooks), numbered “1,” “2,” and “3.”

## **Reviewing Performance Standards**

Review performance tables and appropriation act(s), with amendments and vetoes, carefully to determine whether:

- (a) a difference in the appropriation and the executive budget recommendation is sufficient to affect performance standards. (For example, an amendment adding or restoring funding and/or positions, would likely have a performance impact, particularly if the performance standards for the affected program had been set at a lower level because of executive budget reductions or denial of a requested continuation level workload adjustment. Also, as a general rule, standards for performance indicators measuring “cost per unit” are affected when funding levels change; and standards related to caseloads and staffing ratios are affected when authorized position levels change.)
- (b) the performance impacts of an amendment are taken into account in all performance standards affected by the amendment. For example, the performance impact on key indicators (those included in the appropriation act) may reflect the impact of an amendment, but the impact on supporting indicators may not have been calculated or reported. In some cases, neither key nor supporting indicators may have been adjusted during the appropriation process to reflect the performance impact of an amendment.
- (c) the performance impacts of a gubernatorial veto are taken into account in all performance standards affected by the veto.
- (d) there is language in the appropriation act directing you to provide new or adjusted performance information by August 15<sup>th</sup>.
- (e) a technical error (such a typographical error) exists in a supporting objective, performance indicator, or standard.
- (f) key or supporting objectives, performance indicators, and performance standards need adjustment to incorporate the impact of legislation enacted during the most recent regular session or to incorporate the impact of any change in federal rule, regulation, or law that became effective no earlier than one month prior to submission of the executive budget.

**REMEMBER**

Budget units and their programs are held accountable for achievement of performance standards and may receive rewards or penalties based on their performance and compliance with the requirements of performance-based budgeting. It clearly is to your advantage to scrutinize initial performance standards and, under appropriate circumstances, request adjustments that reflect the impacts of appropriation amendments that increase or decrease funding levels from the Governor's executive budget recommendation.

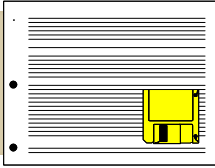
## Submitting Performance Standard Adjustment Requests

Submit Performance Standard Adjustment Request forms to the Office of Planning and Budget and the Joint Legislative Committee on the Budget by August 15<sup>th</sup> of the new fiscal year.

- Deliver requests to the OPB at Room 242 of the Capitol Annex, 1051 North Third Street or mail them to the Office of Planning and Budget, Division of Administration, P.O. Box 94095, Baton Rouge, LA 70804-9095. As in the case of BA-7 requests, a performance standard adjustment request must be a hard copy with appropriate signature. A faxed request is not considered an official request. Any performance standard adjustment request faxed to the OPB must be followed immediately by a signed hard copy.
- For JLCB review, send one copy of your request to the JLCB Performance Review Subcommittee (Attention: Read). This copy may be delivered to the 11<sup>th</sup> Floor, State Capitol, or mailed to P.O. Box 44097, Baton Rouge, LA 70804. Send a second copy to the Legislative Fiscal Office (Attention: Monk). This copy may be delivered to the 18<sup>th</sup> Floor, State Capitol, or mailed to P.O. Box 44097, Baton Rouge, LA 70804.

Requests for performance standard adjustments are reviewed by both the OPB and the JLCB (or a subcommittee thereof). Requests will be heard and decided at a meeting of the JLCB Performance Review Subcommittee and/or the full JLCB (usually in September). The person(s) from your agency who is/are most knowledgeable about performance items to be heard by the JLCB or JLCB Performance Review Subcommittee must be present at the committee hearing(s) to answer detailed questions. If approved by the JLCB (or a subcommittee thereof), adjustments to performance standards in the official performance database (the Louisiana Performance Accountability System or LaPAS) will be made by the OPB.

More information on performance standards may be found in "Guidelines for Development and Revision of Performance Standards." These guidelines are available, under [Forms, Formats, and Guidelines](#), on the OPB website ([www.doa.state.la.us/opb/index.htm](http://www.doa.state.la.us/opb/index.htm)). Please direct any questions about performance standards or the performance standard adjustment request process to the OPB at (225) 342-7005.



## Budget Amendments During the Fiscal Year

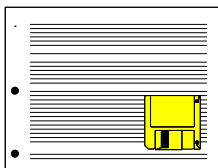
Sometimes it is necessary and appropriate for a budget unit to seek amendment of its appropriation during a fiscal year.

By unilateral action, the commissioner of administration may approve the transfer of funds between programs within a budget unit, which in the aggregate do not exceed one percent (1%) of the total appropriation of the budget unit. The commissioner of administration, with the approval of the JLCB, may approve the transfer of funds between programs within a budget unit, which in the aggregate do not exceed twenty-five percent (25%) of the total appropriation of a budget unit. In both cases, budget units must present sufficient evidence that the operation of the budget unit or programs are being or will be impaired without such transfers. Further, transfer of funds must include adjustment of any performance standards that are affected by that fund transfer. Transfers may not exceed twenty-five percent (25%) in the aggregate of the total appropriation of a budget unit for a fiscal year.

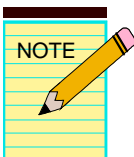
The preamble of the general appropriation act deals with the addition of federal, self-generated, dedicated and interagency transfer funds, and Section 73 C of Title 39 provides for changes from one program to another with the approval of the Division of Administration and the JLCB. Any transfers among programs must comply with procedures outlined in Section 73 C of Title 39 and Policy and Procedure Memorandum 52 Revised.



### HOW TO: Request Mid-year Budget Amendments (BA-7 Forms)



All requests for changes to appropriations, whether for unilateral approval by the commissioner of administration or joint approval by the commissioner of administration and the JLCB, must be submitted to the Office of Planning and Budget (OPB) on Budget Amendment Form 7 (BA-7) and its companion questionnaire. The revised BA-7 form (an MS Excel file) and questionnaire (an MS Word file) are available on the OPB website (<http://www.doa.state.la.us/opb/index.htm>) under "Forms, Formats, Guidelines, and Memorandum Archive." (The form and questionnaire also appear below, on pages 72-77.)



In addition to a completed BA-7 form and questionnaire, all higher education BA-7 requests must include documented approval from each respective institution's management board.

## BA-7 FORM 1

**STATE OF LOUISIANA  
DIVISION OF ADMINISTRATION  
OFFICE OF PLANNING AND BUDGET  
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT**

DEPARTMENT NAME: \_\_\_\_\_  
 AGENCY NAME: \_\_\_\_\_  
 SCHEDULE NUMBER: \_\_\_\_\_  
 SUBMISSION DATE: \_\_\_\_\_  
 AGENCY BA-7 NUMBER: \_\_\_\_\_  
 HEAD OF BUDGET UNIT: \_\_\_\_\_  
 TITLE: \_\_\_\_\_

<b>FOR OPB USE ONLY</b>
OPB LOG NUMBER
AGENDA NUMBER

SIGNATURE (Certifies that the information provided is correct and true to the best of your knowledge):  
 \_\_\_\_\_

MEANS OF FINANCING OR EXPENDITURE	BUDGETED FY ____ - ____	ADJUSTMENT (+) OR (-)	REVISED FY ____ - ____
GENERAL FUND BY:			
DIRECT			\$0
INTERAGENCY TRANSFERS			\$0
FEES & SELF-GENERATED			\$0
STATUTORY DEDICATIONS			\$0
INTERIM EMERGENCY BOARD			\$0
FEDERAL			\$0
<b>TOTAL</b>	\$0	\$0	\$0

PROGRAM EXPENDITURES	DOLLARS	POS	DOLLARS	POS	DOLLARS	POS
PROGRAM NAME:						
					\$0	0
					\$0	0
					\$0	0
					\$0	0
					\$0	0
					\$0	0
					\$0	0
					\$0	0
					\$0	0
					\$0	0
<b>TOTAL</b>	\$0	0	\$0	0	\$0	0

## BA-7 FORM 2

Policy and Procedure Memorandum No. 52, Revised, requires that all Request for Changes in Appropriation be fully documented. At a minimum, the following questions and statements must be answered. Use Continuation Sheets as needed. **FAILURE TO ANSWER ALL QUESTIONS COMPLETELY WILL BE CAUSE TO RETURN THIS DOCUMENT WITHOUT ACTION.**

1. What is the source of funding (if other than General Fund (Direct))? Specifically identify any grant or public law and the purposes of the funds, if applicable. A copy of any grant application and the notice of approved grant or appropriation must accompany the BA-7. What are the expenditure restrictions of the funds?

2. Enter the financial impact of the requested adjustment for the current year and the next four fiscal years.

MEANS OF FINANCING OR EXPENDITURE	CURRENT YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4
GENERAL FUND BY:					
DIRECT					
INTERAGENCY TRANSFERS					
FEES & SELF-GENERATED					
STATUTORY DEDICATIONS					
INTERIM EMERGENCY BOARD					
FEDERAL					
<b>TOTAL</b>	\$0	\$0	\$0	\$0	\$0

3. If this action requires additional personnel, provide a detailed explanation below:

4. Explain why this request can't be postponed for consideration in the agency's budget request for next fiscal year.

5. Is this an after the fact BA-7, e.g.; have expenditures been made toward the program this BA-7 is for? If yes, explain per PPM No.52.



### BA-7 FORM 3

#### PERFORMANCE IMPACT OF MID-YEAR BUDGET ADJUSTMENT

1. Identify and explain the programmatic impact (positive or negative) that will result from the approval of this BA-7.

2. Complete the following information for each objective and related performance indicators that will be affected by this request. *(Note: Requested adjustments may involve revisions to existing objectives and performance indicators or creation of new objectives and performance indicators. Repeat this portion of the request form as often as necessary.)*

OBJECTIVE:

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE STANDARD		
		CURRENT FY ____ - ____	ADJUSTMENT (+) OR (-)	REVISED FY ____ - ____

JUSTIFICATION FOR ADJUSTMENT(S): Explain the necessity of the adjustment(s).

3. Briefly explain any performance impacts other than or in addition to effects on objectives and performance indicators. *(For example: Are there any anticipated direct or indirect effects on program management or service recipients? Will this BA-7 have a positive or negative impact on some other program or agency?)*

4. If there are no performance impacts associated with this BA-7 request, then fully explain this lack of performance impact.

5. Describe the performance impacts of failure to approve this BA-7. *(Be specific. Relate performance impacts to objectives and performance indicators.)*

## BA-7 FORM – PROGRAM LEVEL

PROGRAM LEVEL REQUEST FOR MID-YEAR BUDGET ADJUSTMENT							
AGENCY NAME: _____				DATE PREPARED: _____			
PROGRAM NAME: _____				AGENCY BA-7 NUMBER: _____			
MEANS OF FINANCING:	CURRENT EOB	REQUESTED ADJUSTMENT	REVISED EOB	OUTYEAR PROJECTIONS			
				YEAR ONE	YEAR TWO	YEAR THREE	YEAR FOUR
<b>GENERAL FUND BY:</b>							
Direct			\$0				
Interagency Transfers			\$0				
Fees & Self-Generated			\$0				
Statutory Dedications			\$0				
Interim Emergency Board			\$0				
FEDERAL FUNDS			\$0				
<b>TOTAL MOF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>EXPENDITURES:</b>							
Salaries			\$0				
Other Compensation			\$0				
Related Benefits			\$0				
Travel			\$0				
Operating Services			\$0				
Supplies			\$0				
Professional Services			\$0				
Other Charges			\$0				
Debt Services			\$0				
Interagency Transfers			\$0				
Acquisitions			\$0				
Major Repairs			\$0				
UNALLOTTED			\$0				
<b>TOTAL EXPENDITURES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>OVER (OR UNDER)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>POSITIONS</b>							
Classified			0				
Unclassified			0				
<b>TOTAL POSITIONS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The BA-7 form and questionnaire must be completed in detail for all appropriation changes requested. If information—financial or performance—on the BA-7 form and questionnaire is insufficient to justify the request, the BA-7 request will be returned to the requesting budget unit for further information.

The preamble to the general appropriation act requires that all BA-7 budget transactions that require joint approval by the commissioner of administration and the JLCB be submitted to the commissioner of administration, JLCB and Legislative Fiscal Office a minimum of sixteen working days prior to consideration by the JLCB. Each submission must include full justification of the transaction requested but submission in accordance with this deadline shall not be the sole determinant of whether the item is actually placed on the agenda for a hearing by the JLCB. Transactions not submitted in accordance with requirements can be considered by the commissioner of administration and JLCB only when extreme circumstances requiring immediate action exist.

## BA-7 QUESTIONNAIRE

### BA-7 QUESTIONNAIRE

(Provide answers on the Questionnaire Analysis Form; answer all questions applicable to the requested budget adjustment.)

#### GENERAL PURPOSE

1. I.E.-This BA-7 is to avoid deficit expenditures in the Administration Program. This BA-7 is to budget a Supplemental Appropriation. This BA-7 is to budget receipt of a federal grant. This BA-7 budgets funding approved at March I.E.B. meeting.

#### REVENUES

(Explain the Means of Financing. Provide details including Source, authority to spend, etc.)

##### 2. **If STATE GENERAL FUND**

- Provide details

##### 3. **If IAT**

- List sending agency
- Attach signed IAT agreement or signed letter that sending agency concurs with the need for this BA-7
- Provide original Source of Funding (Where did the sending agency get the funds?)

##### 4. **If Self-Generated Revenues**

- Explain how funds are generated
- Provide original fund balance and revised fund balance
- Provide amount of original fund balance that was originally budgeted
- Provide amount of revised fund balance that will be budgeted if this BA-7 is approved

##### 5. **If Statutory Dedications**

- Provide creating authority (Louisiana Revised Statutes and/or Administrative Code citations)
- Current fund balance
- Current year anticipated revenue

##### 6. **If Interim Emergency Board Appropriations**

- Attach I.E.B. notification approval (will serve as BA-7 justification)

##### 7. **If Federal Funds**

- Provide a copy of the grant award from the Federal Agency
- Explain matching requirements associated with the proposed source of funding (be specific)

##### 8. **All Grants:**

- Explain the purpose of the grant
- Provide a copy of the grant application and notification of grant award
- Provide spending plan for each year of multi-year grants

#### EXPENDITURES

9. Provide detailed expenditure information including how the amount requested was calculated.
10. If funds are being transferred, please explain how excess funds became available.
11. Provide object details as part of explanation.

#### OTHER

12. Provide names, phone numbers and e-mail addresses of agency contacts that can provide further information on this item and will attend JLCB to testify.

# BA-7 QUESTIONNAIRE

## QUESTIONNAIRE ANALYSIS

(Please reference question numbers, provide detailed information and use continuation sheets as needed.)

### GENERAL PURPOSE

### REVENUES

### EXPENDITURES

### OTHER

The Division of Administration takes a firm position on justification and timely submission of BA-7 requests. The agency deadline for submission of BA-7s to the Division of Administration, the Legislative Fiscal Office and the Joint Legislative Committee on the Budget (JLCB) is the **last** day for submission. BA-7s should be submitted as early as possible rather than on the deadline date. Submission of a BA-7 on the deadline date does not guarantee that the BA-7 will be on the next agenda of the JLCB. If a BA-7 is not submitted in time for a thorough financial and performance analysis, it will not be placed on the agenda. The schedule for submission of BA-7s requiring JLCB approval is included in the annual appropriation letter package transmitted to budget units by the OPB. The person(s) from an agency most knowledgeable about items on the agenda of the JLCB must be present at these hearings to answer detailed questions. The scheduling of a JLCB meeting is difficult at best during a legislative session. Therefore, it is recommended that managers plan ahead and submit critical BA-7s prior to the beginning of legislative sessions.

**In no case should actions that require BA-7 approval be undertaken prior to completion of the approval process. The OPB and JLCB take a hard-line approach to "after the fact" BA-7s. As a result, some BA-7s that are submitted after expenditures are made pursuant to the BA-7 may be summarily denied.**

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End of HELP Topic

HELP

## INFORMATION AND ASSISTANCE

Operating budget request forms and instructions are available on the OPB website (<http://www.doa.state.la.us/opb/index.htm>). If you have questions regarding operational planning and budgeting, contact the OPB at (225) 342-7005 or fax: (225) 342-7220.

For more information on accounting policy, contact the Office of Statewide Reporting and Accounting Policy in the Division of Administration (OSRAP) at 225-342-0708 or visit the OSRAP website (<http://www.state.la.us/osrap/index.htm>).

Questions regarding *Louisiana: Vision 2020*, the State Master Plan for Economic Development, or annual Economic Development Action Plans should be directed to the Louisiana Economic Development Council (LAEDC). The LAEDC office is part of the Office of the Governor. The LAEDC webpage, which includes *Louisiana: Vision 2020* and Action Plan 2000, is located on the Department of Economic Development's website ([www.lded.state.la.us](http://www.lded.state.la.us)) but may relocate to the Governor's Office website (<http://www.gov.state.la.us/>).

Questions regarding the Louisiana Workforce Commission budget request forms should be directed to the Lifelong Learning/Workforce Commission Office in the Office of the Governor. The telephone number is (225) 342-2462 and the fax number is (225) 342-1494.

Questions regarding the Children's Cabinet should be directed to the Office of the Governor at (225) 342-3327. Questions regarding Children's Budget forms should be directed to the OPB Budget Section at (225) 342-7005.