Expenditures made under the authority of Act 19 of the 2008 Regular Session of the Louisiana Legislature (Act 19) are subject to the provisions of Preamble Sections 1-18 as well as Title 39 of the Louisiana Revised Statutes (LRS).

MID-YEAR ADJUSTMENTS (BA-7s)

Section 2 of Act 19 deals with the addition of federal, self-generated, statutory dedicated and interagency transfer funds and Section 73C of Title 39 provides for transfers from one program to another with the approval of the Division of Administration and the Joint Legislative Committee on the Budget (JLCB). Transfers among appropriated programs also must comply with procedures outlined in Policy and Procedure Memorandum 52 Revised.

Use the BA-7 form and questionnaire to request a mid-year appropriation adjustment. The BA-7 form (MS Excel file) and questionnaire (MS Word file) are available on the Office of Planning and Budget's (OPB) website under "PBB Forms and Guidelines/Budget Forms/Mid-year Adjustment (BA-7) Forms."

BA-7 requests requiring JLCB approval must be submitted to the OPB, JLCB, and Legislative Fiscal Office a minimum of sixteen (16) working days prior to consideration by the JLCB (see Preamble Section 2 of Act 19). This Letter of General Appropriation package includes the schedule for submission of BA-7s requiring JLCB approval. The person(s) from your agency most knowledgable about items on the agenda of the JLCB **must** be present at these hearings to answer detailed questions.

The Division of Administration takes a firm position on timely submission and full justification of BA-7 requests. The agency deadline noted on the JLCB BA-7 schedule is the **last** possible day for submission. However, submission of a BA-7 on the deadline date does not guarantee that the BA-7 will be on the agenda for the next JLCB meeting. To allow sufficient time for a thorough analysis by the OPB, your BA-7 requests should be submitted as early as possible rather than on the deadline date. As a reminder, the 2009 Regular Legislative Session will begin on **April 27, 2009**. The scheduling of a JLCB meeting is difficult at best during a legislative session. Therefore, it is recommended that you plan ahead and submit BA-7s prior to that time frame. BA-7s that are not submitted in accordance with scheduled deadlines will be considered only when extreme circumstances requiring immediate action exist.

The OPB will not accept a request for which the BA-7 form and/or questionnaire is incomplete. If information (financial or performance) on the BA-7 form and questionnaire is insufficient to justify the request, the OPB will return the BA-7 request for further information. If a BA-7 is not submitted in time for a thorough financial and performance analysis, it will not—except when the OPB determines that extreme circumstances requiring immediate action exist—be placed on the JLCB agenda.

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

APPROPRIATION ACCOUNTABILITY

It is each agency's responsibility to allocate the Appropriated Program (AP) from the "Budget Development Organization Unit" to the proper Organization Units and Object Codes. Object codes are provided in the Uniform Chart of Accounts. **The deadline for spreading your budget at the object code level is August 15, 2008.** Failure to spread the budget by the deadline may render a particular budget unit or program unable to draw warrants or process mid-year adjustments.

Be sure your spread is an accurate reflection of the expenditure category allocations determined during FY 2008-2009 budget development. Movement among expenditure categories is not allowed for the initial budget spread. Be prepared to explain and justify significant deviations from those expenditure category allocations.

The OPB will review and take action on all APs, Expenditure Budget transactions (EBs) and Revenue Budget transactions (RBs) in the Advantage Financial System (AFS). All proposed adjustments of APs, EBs, and RBs must be explained in detail (to the object code level) and justified prior to OPB approval. This includes your initial budget spread as well as subsequent realignments during the fiscal year. APs, EBs, and RBs must be in agreement. The forms and instructions are located on the OPB website.

Incomplete or insufficiently justified proposals will be returned without action. You should avoid transfers that use one-time savings to fund recurring expenses. Further, any transfer of funding from the Salaries category may effectively result in a subsequent reduction of positions associated with that funding. Failure to spread or realign the budget into the proper object codes and organizations may cause unnecessary budgetary problems—delays in transaction processing in the current year as well as complications in analysis and development of the ensuing fiscal year budget.

AGENCY COST ASSESSMENTS FOR STATE EMPLOYEES GROUP BENEFITS AND STATE RETIREMENT SYSTEMS

Per Section 8.D. of Act 19 "In the event that any cost assessment allocation proposed by the Office of Group Benefits becomes effective during Fiscal Year 2008-2009, each budget unit contained in this Act shall pay out of its appropriation an amount no less than 75% of total premiums for all active employees and those retirees with Medicare in accordance with R.S. 42:851(A)(1) for the state basic health insurance indemnity program."

Per Section 8.E. of Act 19 "In the event that any cost allocation or increase adopted by the Joint Legislative Committee on Retirement as recommended by the Public Retirement Systems' Actuarial Committee becomes effective before or during Fiscal Year 2008-2009, each budget unit shall pay out of its appropriation funds necessary to satisfy the requirements of such increase."

The retirement rates for FY 2008-2009 are: **18.5%** for the Louisiana State Employees Retirement System, **15.5%** for Teachers Retirement System, and **27.3%** for State Police Retirement System. Reflect the costs of these allocations when you spread your budget.

UNEMPLOYMENT COMPENSATION PAY

As you are aware, the state unemployment compensation program is self-insured. The Louisiana Workforce Commission (formerly the Louisiana Department of Labor) processes and pays unemployment insurance liabilities filed by eligible former workers of the state. Your agency is directly responsible for payment to the Louisiana Workforce Commission.

It is vital that you pay these claims timely because the Louisiana Workforce Commission's assessment of interest and penalties on delinquent bills is severe. Under the provisions of R.S. 23:1543(A), the Louisiana Workforce Commission assesses an interest fee of 1% per month, and then adds the interest amount to the unpaid balance and charges a 5% penalty on the sum of those two amounts. The penalty is progressive, meaning the amount for month two is 10%; for month three, 15%; and so on, to a maximum of 25% per month. For example, the first month of interest and penalty payment on an unpaid balance of $745,000 is calculated as follows:

> $745,000 X .01 = $7,450; ($745,000 + $7,450) X .05 = $37,623 or total interest and penalties of $45,073.

Based on the calculations above, the interest and penalties for the second month would be $87,698 and for the third month, $134,481.

PREAMBLE MEANS OF FINANCING SUBSTITUTIONS

Per Section 10.D (1) of Act 19 "The commissioner of administration is authorized to substitute the means of financing for one time expenditures in this Act which are funded with State General Fund (Direct) to the State General Fund by Statutory Dedications out of the 2004 Overcollections Fund in an amount not to exceed $60,000,000 so that nonrecurring expenses are more properly funded with revenues which are nonrecurring."

Per Section 10.D (2) "The commissioner of administration is authorized to substitute the means of financing for recurring expenditures in this Act which are funded with revenues which are nonrecurring in an amount not to exceed $60,000,000 so that recurring expenses are more properly funded with revenues which are recurring."

To the extent your Budget Unit has been assessed such an adjustment, you will see the adjustment reflected in the "Legislative Tracking Report" attachment to this letter.

PERFORMANCE ADJUSTMENTS

In order to ensure adoption of the most accurate expectations of agency performance within the state budget, performance data contained in the adopted budget may, under certain circumstances, be adjusted at the beginning of the fiscal year. The OPB urges agencies to take advantage of the opportunities provided under R.S. 39:87.2C to request appropriate performance adjustments. To do so,

submit complete, signed, original hard copy requests (using the Performance Adjustment Request form) to the OPB, JLCB, and Legislative Fiscal Office, no later than **5:00 pm, Friday, August 15, 2008**. The Performance Adjustment Request form (MS Excel file) and guidelines (MS Word file) are available on the OPB website under "PBB Forms & Guidelines." All requested adjustments are subject to review and approval by both the OPB and the JLCB. The JLCB generally hears performance standard adjustment requests in September. The person(s) from your agency most knowledgable about performance items on the agenda of the JLCB meeting must be present at this meeting to answer detailed questions.

POSITION CONTROL

Only employees in the permanent state work force should be paid from expenditure codes 2100, 2130, and 5200, in accordance with AFS Uniform Chart of Accounts definitions:

2100 Salaries - Classified-Regular: Compensation paid to full-time or part-time classified employees hired on a continuing basis;

2130 Salaries-Unclassified-Regular: Compensation paid to full-time or part-time unclassified employees hired on a continuing basis; and

5200 AUX Programs-Salaries: Salaries that are related to auxiliary programs.

Therefore, payments for salaries from these expenditure codes for employees in the classified and unclassified state service are limited to those employees with permanent or probational status. Any changes in positions, in either number or classification, are subject to the provisions of Title 39, Section 84. Furthermore, all requests for personnel action submitted to State Civil Service should reflect the proper expenditure code for the position affected.

To the extent that you have position information in the ISIS HR system, **it is imperative that you maintain that information with regard to the appropriate salary code**, because OPB will use the HR system to examine your filled positions and vacancies in FY 2008-2009 and determine the salary recommendations for FY 2009-2010. Adjust the position count in the ISIS HR System in accordance with the Commissioner's memorandum dated July 11, 2008, regarding ISIS/HR Data and Budget Development.

All positions, other than those paid out of Other Compensation and Other Charges expenditure categories, should be placed in the authorized Table of Organization (T.O.). Other Charges positions must conform to the criteria below.

Criteria for Other Charges Positions:

1. The position is authorized to be occupied for one year or less.
2. The agency does not have the authority to hire and terminate the employee.
3. The position is seasonal but not permanent.
4. The position has legislative authority to be excluded from the authorized T.O.

All positions for which the department has the authority to employ and terminate the individuals, and the positions are designated for more than one (1) year, should be placed in the authorized T.O. If you have reason to deviate from this policy, please contact your OPB budget analyst.

CONTENTS OF COMPLETE APPROPRIATION LETTER PACKAGE

The following documents are included in the entire Appropriation Letter package. Please ensure that the proper personnel acquire all of these documents. These documents can be accessed by email or OPB website.

1. Letter of General Appropriation
2. Schedule for BA-7s requiring JLCB approval
3. Risk Management Premium notice
4. Act 19, the General Operating Appropriation Act. You should review for any special language affecting appropriation and gubernatorial vetoes.
5. AFS Documents – AP, RB, EB
6. Legislative Tracking
7. Performance Standards as initially appropriated in Act 19
8. Performance Adjustment Request Form
9. Performance Adjustment Request Guidelines
10. Memorandum regarding ISIS/HR Data and Budget Development

If you have any questions regarding your appropriation or need additional information, please contact your OPB budget analyst.

Sincerely,

Ray L. Stockstill
Director

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Attachments