


ADMINISTRATIVE CIRCULAR

COMMONWEALTH OF PENNSYLVANIA GOVERNOR'S OFFICE

04-19

Number

Subject:	2005-06 Budget Instructions	Date:	August 16, 2004
By Direction Of:	 Michael J. Masch, Secretary of the Budget	Expiration Date:	August 16, 2005

The *Budget Instructions, Manual 110.1*, provides detailed direction on how agencies are to submit their 2005-06 agency budget requests.

Agencies will need to prepare 2005-06 budget requests that continue to build on the administrative spending constraints and operational efficiencies that have been implemented during 2003-04 and 2004-05. Every effort must be made to eliminate nonessential spending and deliver essential services at reduced cost.

The 2005-06 budget process begins with the development of agency budget requests that respond to the policy guidance provided to agencies by the Governor's Office and follow the detailed requirements provided in the *Budget Instructions*. Responses to the Governor's program policy guidance should be reflected throughout the agency budget requests and incorporated into Program Revision Requests (PRRs) where appropriate. PRRs are to be directly integrated into each agency's budget request.

In preparing 2005-06 budget requests, agencies will be expected to continue to develop plans and policies designed to make government more efficient and effective. Agency requests should reflect the best efforts of each agency to critically evaluate its programs and activities.

Agency heads, program managers, and fiscal officers should closely coordinate all aspects of the development of their agency budget request, including Performance Measures and PRRs. All data and analysis required to adequately explain and defend requests must be included.

Agencies should consider when establishing complement levels that under the Commonwealth's four-year collective bargaining agreement a considerable portion of the total contract cost is weighted to the last year of the agreement. Given the impact this places on the Commonwealth's future resources, agencies must present proposals to manage operations as efficiently as possible and reallocate positions within existing complement levels to support critical activities.

The impact of near-term decisions on the Commonwealth's future resources needs to be reviewed throughout the budget. Agencies are directed to strengthen the multiyear planning component of their budget requests to realistically reflect the future year consequences of actions proposed in the agency submissions. Both projected future trends in program performance and in expenditures must be projected four years beyond 2005-06. Expected trends in eligible populations served, mandated service levels, and improved program efficiencies are among the factors that need to be considered when preparing these projections.

Changes or refinements to this year's budget preparation instructions are identified in the *Budget Instructions* Table of Contents with an asterisk (*). An asterisk or bullet also appears at the top of new or substantially revised forms and instructions. New or revised text is shown in italics. The *Budget Instructions* should be reviewed carefully to ensure thorough understanding of what is required to complete the submission. Please note that much of the information provided by the agency in its budget request will become the basis of discussions at upcoming review meetings with the Governor's Budget Office and the Governor's Policy Office.

Some of the areas of emphasis and changes in the 2005-06 *Budget Instructions* include the following:

1. To provide sufficient detail for planning and analyzing proposed expenditures, the Governor's 2005-06 Budget will continue to be developed using SEM-BPS at Funds Center ("Organization") Level 3 and Commitment Item (Revenue-Expense Object Code) Level 3.
2. Complement planning will be completed using the SEM-BPS complement planning layouts. Filled and vacant position data from the August 20, 2004 PIP80801 equivalent human resource information will be loaded into the layouts as the starting point for agency complement planning. Detail concerning direct charges of complement costs as a result of CATS and other methods of direct charging will be required on the complement planning layout.
3. Preliminary actual expenditures by source of funds (budget subtype) will be loaded into the Actual Expenditures layout in SEM-BPS. The latest available 2003-04 allotment by budget subtype will be entered as a starting point. Agencies must compare these amounts to the actual expenditures from accounting data and adjust as necessary to provide accurate amounts for comparison in the actual year commitment item layouts.
4. Agencies must contact the Integrated Enterprise Systems (IES) budget team to set up any new proposed "SAP Fund" (Appropriation or Executive Authorization) in the SEM-BPS system so that forms will be available in that system.
5. If any supplemental appropriations are being proposed for 2004-05, the agency must prepare a decision package in SEM-BPS for the supplemental request. Decision package 335 will be set aside for supplemental appropriations.
6. A current agency organization chart detailed at least to Funds Center Level 3 consistent with the Fund Centers structure assumed in the preparation of the budget must be submitted as part of the budget request package.
7. The program description provided for each appropriation (SAP Fund) entered on the Appropriation Profile and shown in the appropriation Summary must include (where applicable) any legal citations for the program that is supported by that appropriation.
8. A prior actual year has been added to the Summary by Fund and Appropriation and Financial Statements for special funds to provide additional historical information.

9. The Authorized and Filled Complement Summary has been expanded to show two actual years of authorized and filled complement information.

10. A Complement History Detail Appendix is to be submitted two weeks following the Budget Request due date shown on the Budget Submission Calendar in the *Budget Instructions*. Information on actual positions beginning in July 2002 and available year positions will be loaded from human resource data. Agencies will be required to complete the information for the budget request and provide information concerning changes in the data.

11. Instructions will be provided for the continued enhancements of the Program Performance Measurement goal setting component of the budget requests.

The Governor's Budget Office will provide templates for all computerized forms along with instructions for their use. SEM-BPS planning folders will be made available to the appropriate agency staff mapped to budget preparation roles. The *Budget Instructions* include detailed information on the use of the layouts in the folders and the reports to be produced for the budget requests.

Agencies must make every effort to meet the deadlines specified on the Budget Submission Calendar in the *Budget Instructions*.

Submissions are to be sent to the:

Deputy Secretary of the Budget
7th Floor, Verizon Tower
Strawberry Square

SEM-BPS portions of the request are to be transmitted by providing a simultaneous E-mail to IES budget team members and to the appropriate budget analyst in the Bureau of Budget Analysis, Governor's Budget Office.