

State of Delaware
Office of Management and Budget



Fiscal Year 2008
Operating and Capital
Budget Preparation Guidelines

Fiscal Year 2008

Budget Process Key Dates

- ❖ **Budget Development Information System (BDIS)**
Open for agency use *August 14, 2006*
- ❖ **Budget Request Target Meetings**
Target meetings will be scheduled in early August *September 2006*
- ❖ **Organizational Structure Change Requests**
Submission to Fiscal and Policy Analyst *October 2, 2006*
- ❖ **BDIS Data Entry for Operating Budget Completion**
Inform Fiscal and Policy Analyst for review *October 11, 2006*
- ❖ **Updated Strategic Plan**
Due to Office of Management and Budget *October 16, 2006*
- ❖ **Operating and Capital Budget Requests**
Due to Office of Management and Budget *October 16, 2006*
- ❖ **Agency Budget Hearings**
Hearing schedule will be published in late August *November 2006*
- ❖ **Governor Submits Recommended Budgets**
Operating and Capital *January 2007*
- ❖ **Legislative Budget Hearings**
Operating and Capital Budgets *February - April 2007*



STATE OF DELAWARE
OFFICE OF MANAGEMENT AND BUDGET
Haslet Armory, Third Floor
122 William Penn Street
Dover, Delaware 19901

MEMORANDUM

TO: Agency Heads/Chief Fiscal Officers

FROM: Jennifer W. Davis, Director

DATE: July 14, 2006

SUBJECT: Fiscal Year 2008 Budget Preparation Guidelines

The Office of Management and Budget is pleased to present the Fiscal Year 2008 Operating and Capital Budget Preparation Guidelines. This manual, in combination with the Strategic Planning Guidelines, will assist your agency during the preparation of the Fiscal Year 2008 operating and capital budgets.

The budget process is designed to be deliberative and span the full fiscal year. In order to ensure thorough consideration of your budget request through all stages of this process, budget preparation should adhere to the procedures and schedules contained herein.

Members of my staff are available to assist your agency through all phases of budget preparation.

Fiscal Year 2008
Operating and Capital Budget Process Guidelines

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Operating Budget Guidelines

General

Budget Request Target

The Office of Management and Budget meets with agencies during September of each fiscal year to develop a mutually agreed upon General Fund target budget request. This value represents the maximum level of funding at which an agency's budget request can be structured. This process applies to Cabinet agencies only, however meetings are held with all agencies.

The target budget request is developed by adding estimated "door openers" plus an incremental target growth percentage for Fiscal Year 2008 to an agency's Fiscal Year 2007 base General Fund budget. The formula for determining a target budget request is illustrated below.

$$\text{Base Budget} + \text{Door Openers} + \text{Target Growth Percentage} \\ \text{(including One-Time Items)} = \text{Target Budget Request}$$

For Fiscal Year 2008, the Office of Management and Budget will consider the following items to be "**door openers**":

1. Annualizations.
2. Operating and Personnel Costs of new facilities coming online in Fiscal Year 2008.
3. Growth in entitlements.
4. Funds appropriated in Office of Management and Budget contingencies for Fiscal Year 2007 salary policy, other employment costs (OEC) rate changes, and/or health insurance costs; selective market/maintenance reviews; agency specific operational contingencies; energy costs; and mileage reimbursement.

Please note that for purposes of structuring the agency budget request, only items 1 and 4 may be requested in Service Level 1.

Any change in the estimated cost of door openers that are built into your target must be discussed with your Fiscal and Policy Analyst prior to submitting your budget request.

Organizational Structure Changes

Changes to agency organizational structure for budget purposes must be discussed at target meetings and receive approval of the Office of Management and Budget prior to agency budget submission.

All requests for organizational structure changes must be submitted to your Fiscal and Policy Analyst by October 2, 2006.

A form to detail proposed organizational changes is included in the Exhibits and Forms section of these guidelines. This form is also available for download from the Internet at: <http://www.state.de.us/budget/fy2008>.

Agencies with no changes should return the form by October 2, 2006, noting no changes.

Additions/Reductions Lists

The Office of Management and Budget requests, for inclusion with the operating budget submission, a list of additional policy/program initiatives limited to two percent of the Fiscal Year 2007 appropriation, excluding One-Time Items, to be considered should resources increase during the fall.

The Office of Management and Budget also requests, for inclusion with the operating budget submission, a list of policy/program reductions limited to two percent of the Fiscal Year 2007 appropriation, excluding One-Time Items, to be considered should resources decrease during the fall.

Please refer any questions to your Fiscal and Policy Analyst.

Reallocations

The reallocation of resources to fund critical priority areas reflected by the objectives in your strategic plan is strongly recommended by the Office of Management and Budget.

Any budgetary reallocations that are significant in nature or require legislative or regulatory changes should be identified and discussed with your Fiscal and Policy Analyst prior to submitting your budget.

When reallocating funding, please keep the following factors in mind:

- Any reallocation of Personnel Costs must be associated with a reduction or reallocation of positions.
- Please contact the Office of Management and Budget in advance of the budget submission date if a proposed reallocation involves the elimination of filled positions.
- Energy and Debt Service can **NOT** be reallocated without written approval from the Office of Management and Budget.

Service Levels

Fiscal Year 2008 budget requests will consist of five service levels.

Base Budget (Service Level 1)

The base budget reflects 100 percent of the Fiscal Year 2007 budget plus base adjustments.

For Fiscal Year 2008, base adjustments include:

- Position and program annualizations;
- Funds appropriated in Office of Management and Budget contingencies for Fiscal Year 2007 salary policy, other employment costs (OEC) rate changes, and/or health insurance costs; selective market/maintenance reviews; agency specific operational contingencies; energy costs; and mileage reimbursement; and,
- Fiscal Year 2007 budgeted FTEs adjusted for approved complement changes by the Delaware State Clearinghouse Committee.

Inflation/Volume Adjustments (Service Level 2)

Service Level 2 is designed to allow requests for inflation dollars/volume changes.

Budget requests at this service level should be considered critical to the continued operation of the agency. The methodology behind requests at this level *must* be explained (projected caseload, embedded contract inflator, etc.). New positions, expansion of existing programs or establishment of new programs should not be requested at this service level. The target growth figure provided to your agency should cover any general, non-specific inflation.

Additional funding for shortfalls in agency health insurance accounts and salary funds as determined through the Health Insurance Reconciliation Form and the BUD 500 should be requested at this level. See page 8 for more details.

Structural Changes (Service Level 3)

Service Level 3 is used if an activity is transferred from one IPU to another or from one department to another.

- Any FTEs included in structural changes **must** be accompanied by position titles, position numbers and pay sections.
- All structural changes should net to zero.

Enhancements (Service Level 4)

Service Level 4 is used for agency/department requested enhancements of current programs and activities, or for new programs and activities.

Enhancements **must** fall within the agency target figure.

Program requests at this level should reflect actual dollars and FTEs to be used in Fiscal Year 2008. Please explain your agency's request thoroughly but concisely.

When making a funding request at this level, agencies should address the following:

- What is the funding amount and the number of FTEs requested?
- What is the total cost of the requested enhancement?
- What is the specific purpose of the requested resources?
- Why are existing levels of funding and/or staffing not sufficient?
- Has reallocation of existing resources been investigated?
- Have all necessary operating costs, including funds for fleet rental and/or space rental, been requested?
- Is the program enhancement dependent on enabling legislation?
- If special fund, is on-going revenue sufficient to support the request?
- How many months worth of funding has been requested?
- Is the request linked to any other budget request, or other agency requests, either operating or capital?

Requests for General Funds to supplant federal budget reductions are to be prioritized within the agency's request for enhancements. These requests are to be identified as previously federally funded. The associated reduction in positions should be identified as an enhancement as well.

Requests for General Funds to support positions that were previously federally funded **must** be accompanied by **position titles, position numbers and pay sections**.

If a request results from a prescribed federal mandate, this should be noted and prioritized accordingly. Please work with your assigned Fiscal and Policy Analyst to identify potential changes to federally funded programs within your agency.

One-Time Items (Service Level 5)

Service Level 5 is used for requesting non-recurring expenditure items.

One-Time Items must be requested within the agency target figure. These items must be clearly defined and any relation to other program requests in previous service levels should be identified.

Appropriated Special Funds (ASF)

All ASF requests should provide the same level of detail, and will receive the same level of scrutiny, as General Fund requests.

Increases in ASF budgets during the year will be limited to situations resulting from unanticipated increases in revenues and a strong justification for an increase in spending authority. The ASF contingency within the Office of Management and Budget is sufficient to handle these unanticipated changes but cannot be relied upon to cover shortages caused by budgeting oversights. The ASF budget requests must be based on estimated collections from existing fees and projected carryover balances. BDIS provides the capability to make revenue adjustments to reflect the proposed level of collections.

Please note that the Office of Management and Budget will analyze special fund requests to ensure that projected revenues plus carryover balances are sufficient to support the proposed spending plan.

Any requests requiring fee increases and implementation of new fees that require legislative approval may not be included without prior approval of the Office of Management and Budget.

Appropriation Line Instructions

Personnel Costs

Base budget figures should not include a salary increase for Fiscal Year 2008. Salary policy for Fiscal Year 2008 will be determined during the recommended budget phase.

Base budget figures should include personnel costs identified in agency target figures resulting from Fiscal Year 2007 Office of Management and Budget personnel cost contingencies.

The following items should be considered when estimating personnel costs:

- **New Positions**

Salaries for all new positions should be budgeted for ten months. If it can reasonably be anticipated that a new position will actually be filled for lesser/greater than ten months, the lesser/greater time should be requested. If a transition is involved, please identify the necessary dates.

- **Reclassifications/Regrades**

Funds for new reclassifications and/or regrades are not to be requested for Fiscal Year 2008 unless previously approved through the critical reclassification or maintenance review process. Agencies must show their ability to pay for reclassifications within existing resources, including the target growth figure.

- **Casual/Seasonal Employees**

29 Del. C. §5903 (17) defines the acceptable categories of casual/seasonal employment. Any use of casual/seasonal employment that falls outside one of these defined categories must be approved by the Director of the Office of Management and Budget and Controller General. Please contact your Fiscal and Policy Analyst for assistance.

- **Budget Projections of Salaries (BUD 500) and Health Insurance Reconciliation**

Each agency will receive the BUD 500 and Report of Health Care, along with corresponding instructions, at the beginning of September.

Each agency must reconcile the data on the BUD 500 Report and the Report of Health Care to the Fiscal Year 2007 data residing in BDIS plus Fiscal Year 2007 personnel funds added in the agency target figure.

The BUD 500 data is derived from the PHRST System and the reconciliation will identify problems or deficiencies within departments that may warrant the reallocation of salary funds within the department and/or a request for additional funding.

The Office of Management and Budget will not consider recommending additional salary funds for a department unless the identified shortages are accompanied by a request for additional funds.

The BUD 500 and Healthcare report are due with your budget request on October 16, 2006.

- **Position Control Spreadsheets**

In order to facilitate the configuration of the payroll system (PHRST) for Fiscal Year 2008, the following information is required when requesting new positions, FTE reallocations, position reductions, and/or switch funding positions:

- Organization Number (Dept./APU/IPU)
- Pay Section
- Funding Source
- Position Title and Number (if applicable)

Forms for this information have been provided along with the narrative shell provided to your agency. The form is also available for download from the Internet at <http://www.state.de.us/budget/fy2008>.

For Fiscal Year 2008, separate forms are required for new FTEs, position transfers, position deletions and for switching funding sources for FTEs. Exhibits D-1 through D-4 in the Exhibits and Forms section of the guidelines provide examples of how to utilize the forms. **Please complete these spreadsheets and submit them with your budget request on or before October 16, 2006.**

Other Employment Costs

When developing department budgets, the following rates should be applied:

- **FICA - Employer's Share**

The maximum withholding is calculated on \$90,000 earnings at a rate of 6.20 percent (.062).

FICA data should be entered into BDIS object code **2006**.

- **Medicare Tax - Employer's Share**

Employees subject to FICA tax above, State Police, House and Senate members and agricultural extension agents hired or elected after March 31, 1986 are subject to the Medicare tax of 1.45 percent (.0145).

Medicare tax data should be entered into BDIS object code **2016**.

- **Worker's Compensation/Deferred Compensation**

The Worker's Compensation/Deferred Compensation rate is 1.73 percent (.0173). This rate should be applied to all salaries, with the exception of casual/seasonal salaries.

Worker's Compensation/Deferred Compensation should be entered into BDIS object code **2005**.

- **Unemployment Insurance**

The Unemployment Insurance rate is .17 percent (.0017). This rate should be applied to all salaries, including casual/seasonal salaries.

Unemployment Insurance data should be entered into BDIS object code **2009**.

- **Pensions**

The pension cost calculation is 15.95 percent (.1595) of salary. This rate will be applied to all salaries (including overtime and hazardous duty pay), except for those listed below:

- **Casual/Seasonal** (*unless employed in pension-covered position elsewhere in the State*)
- **Substitute Teachers** (*unless employed in pension-covered position elsewhere in the State*)
- **House and Senate Attachés**
- **Board Members** (*unless employed under Pension Rules and Regulations #10.5 - #10.6*)
- **State Police** - 25-year-plan member's rate is 17.15 percent (.1715)

- **Judges** - The pension cost calculation for judges is 31.82 percent (.3182)

- **Health Insurance**

The State's contribution for health insurance should be based upon the rates in effect for Fiscal Year 2007.

Departments should reallocate funding within the base to properly align health insurance funding. If the health care reconciliation indicates that additional funds for health insurance are required, the department should include a request within Inflation/Volume Adjustments for the Office of Management and Budget to consider recommending additional funding.

Health Insurance for new positions requested for Fiscal Year 2008 should be budgeted at \$10,000.00 per FTE.

Energy

For purposes of preparing the budget request, assume the same dollar appropriation for Energy as contained in the Fiscal Year 2007 budget. Energy dollars may not be reallocated without written approval of the Director of the Office of Management and Budget. Adjustments based on the annual energy meetings will be made during the recommended budget phase.

Contractual Services

Car Rental/Special Vehicles

Fleet rental instructions will be sent under a separate cover.

Supplies and Materials/Capital Outlay

Supplies and Materials will include items costing \$1,000.00 or less and those with a useful life of one year or less, regardless of cost. Capital Outlay will only include items costing in excess of \$1,000.00 with a useful life of more than one year.

In instances where specific object codes may not exist in Supplies and Materials (6000 series), please use:

- **code 6097** for items costing in excess of \$1,000.00 with a useful life of one year or less, and
- **code 6098** for items costing \$1,000.00 or less regardless of useful life.

When requesting items, indicate either “initial purchase” or “replacement.”

For clarification purposes, Capital Outlay, as used in the budget process, should not be confused with “fixed assets.” The term “fixed asset” is used for reporting purposes and is not directly related to the budget process.

Please note that computers, library books and movable furniture should be included under Supplies and Materials, Capital Outlay or One-Time Items and **NOT** in the capital budget request.

Debt Service

For the Fiscal Year 2008 budget process, Debt Service will remain at the Fiscal Year 2007 level. The Office of Management and Budget will make adjustments during the recommended budget phase.

Special Appropriations

Special appropriations are those appropriations that fall outside the seven major operating appropriations (Personnel Costs, Travel, Contractual Services, Supplies and Materials, Energy, Capital Outlay and Debt Service).

An enhanced capability to budget special appropriations by object code is available in BDIS. Agencies are **strongly** encouraged to take advantage of this capability to budget special appropriations by object code, in particular for those special appropriations which are expended, in part, for Personnel Costs. Please contact your Fiscal and Policy Analyst for assistance on this capability.

MCI

Minor capital improvements and equipment (MCI) appropriations are currently funded in the capital budget. For Fiscal Year 2008, requests for MCI funding in the operating budget should be structured in accordance with the capital budget instructions contained in this handbook.

Revenue

Agencies are to budget revenue by revenue object code in BDIS, showing forecasts for current year collections and also for Fiscal Year 2008 collections. Revenue data must be entered for **all** funds.

Information Technology Business Case Summary

The iTIC (Internal Technology Investment Council) and TIC (Technology Investment Council) are the primary bodies responsible for reviewing agency requests to engage in technology projects and for making recommendations, from a technical perspective, as to whether or not to allow an agency to engage in a particular project. Generally, projects under \$1.0M are reviewed by the iTIC while larger, state-wide technology projects are referred to the TIC. The Office of Management and Budget will provide support to the iTIC/TIC in its assessment of agency requests.

In order to be considered for funding, technology requests submitted to the iTIC must also be included in an agency's Fiscal Year 2008 budget request. Technology budget requests must be within the agency target figure and be prioritized in relation to all other budget requests. The Office of Management and Budget will use the list of iTIC/TIC approved projects as a starting point for determining which projects to include in the Governor's Recommended Budget for Fiscal Year 2008.

The Department of Technology and Information (DTI) utilizes a business case methodology to provide agencies the opportunity to describe and justify each request. An Information Technology Business Case Summary form must be completed electronically for each project requested within the target figure. The form is available at <http://intranet.state.de.us/dti>. A hard copy of this form must be printed for inclusion in the budget request. Agencies who have questions related to the completion of the form should contact their DTI Customer Relationship Specialist.

Budget Request Data Entry in BDIS

BDIS will be available for agency use for Fiscal Year 2008 beginning on August 14, 2006.

Training will be available for all personnel who are new to entering budget data into BDIS or need a refresher. Contact the Office of Management and Budget to schedule attendance at one of the August/September training sessions, or visit the website for the BDIS Manual and training information. The web address is: <http://www.state.de.us/budget>.

Fiscal Year 2007 actual expenditures reflected in BDIS include:

- General Fund (Type 01, 02, 03, 04);
- Appropriated Special Fund (Type 30); and
- Non-appropriated Special Fund (Type 20, 40)

This data is downloaded from DFMS. Please review the expenditure information prior to data entry and notify your Fiscal and Policy Analyst of any discrepancies.

During data entry in BDIS, if additional appropriations and/or object codes are required, including developing the structure for proposed organizational changes, please coordinate with your Fiscal and Policy Analyst.

After you complete data entry, please contact your Fiscal and Policy Analyst immediately to review and approve the request. BDIS data entry should be completed no later than October 11, 2006.

Your Fiscal and Policy Analyst will perform the following checks:

- ✓ *Check Fiscal Year 2006 expenditures to ending Validity Report*
- ✓ *Check Fiscal Year 2007 budget and positions to Budget Act*
- ✓ *Ensure that funding for Debt Service, Minor Capital Improvement and Energy has not been reallocated*
- ✓ *Ensure that the request total matches target (if issued)*
- ✓ *Verify with department that appropriate base items have been included in Service Level 1*
- ✓ *Ensure that negative values do not exist in Fiscal Year 2008 service levels*
- ✓ *Ensure that approved organizational changes have been accomplished correctly*
- ✓ *Ensure that special fund program revenue is sufficient to support the special fund budget of an IPU*

Once your analyst has reviewed and approved the data entry, you may proceed to print the necessary Crystal Reports at your site for inclusion in your budget request.

The required Crystal Reports are structured in the following categories and subcategories:

TITLE (Name of Crystal Report)	REPORT PROVIDES:
Department Summary <i>Dept Reports</i> <i>Requested</i> <i>Budget Book</i> <i>By Organization</i> <i>Dept</i>	Department budget by Appropriation Unit
Appropriation Unit Summary <i>Dept Reports</i> <i>Requested</i> <i>Budget Book</i> <i>By Organization</i> <i>APU</i>	Appropriation Unit budget by IPU
Department Line Summary <i>Dept Reports</i> <i>Requested</i> <i>Budget Book</i> <i>By Appn Line</i> <i>Dept</i>	Department budget by line
Appropriation Unit Line Summary <i>Dept Reports</i> <i>Requested</i> <i>Budget Book</i> <i>By Appn Line</i> <i>APU</i>	Appropriation Unit budget by line
Internal Program Unit Summary <i>Dept Reports</i> <i>Requested</i> <i>Budget Book</i> <i>By Appn Line</i> <i>IPU</i>	Internal Program Unit budget by line
Internal Program Unit Object Level Report <i>Dept Reports</i> <i>Requested</i> <i>Budget Book</i> <i>By Object Code</i> <i>IPU</i>	Internal Program Unit budget by object code

Should you require additional assistance with BDIS or Crystal Reports, please contact Bob Hunter at 744-1154.

Narratives

The narrative of your budget request is to be built upon your agency's strategic planning efforts. Please refer to the Strategic Planning Guidelines on the Internet at <http://www.state.de.us/budget/strategic-planning> and your agency's strategic plan for guidance in completing the narrative sections of your request. It is essential that your narrative contain the mission(s), goals, key objectives and performance measures set forth in your agency's strategic plan or developed during the strategic planning process.

The narrative portion consists of the following components:

A. Department Summary

- Department Mission
- Key Objectives
- Department Priorities

B. Appropriation Unit Summary

- Appropriation Unit Mission
- Key Objectives
- Background and Accomplishments (*Please be concise. Your overview may contain information regarding significant environmental and political factors affecting the unit; significant successes and opportunities from the fiscal year; and indications/descriptions of future plans.*)

C. Internal Program Unit Summary

- Activities
- Performance Measures (*aligned with the Appropriation Unit and/or department key objectives*)
- Service Level Requests: (*include justification*)
 1. Base
 2. Inflation and Volume Adjustments
 3. Structural Changes
 4. Enhancements
 5. One-Time Items

Capital Budget Guidelines

Capital Budget Instructions

Instructions and forms necessary to request capital funding for Fiscal Year 2008, and to reflect the capital plan for Fiscal Years 2009 and 2010, are outlined in this section.

General

The Bond and Capital Improvements Act provides funding for a program of state public works, major capital improvement projects, economic development initiatives and various minor capital improvement and equipment purchases. As such, state agencies, public school districts and institutions of higher education, through the capital budget process, may request funding for the following types of initiatives, whether they are stand alone projects or phases of major capital construction projects:

1. Studying the need of, or planning for, either new facilities or major renovations to existing facilities;
2. New construction or significant renovations to existing facilities;
3. Land acquisition;
4. Building infrastructure improvements to include heating, ventilation and air conditioning systems, electrical systems and water/wastewater handling systems;
5. Minor capital improvements and equipment; and
6. Transportation improvement projects.

When developing your agency's capital program request, please keep in mind that a significant portion of expected resources available for capital projects will be dedicated to the completion of on-going projects and to mandated areas such as school construction. Please be prepared to discuss projected capital requests during the September budget meetings.

In addition, please keep the following factors at the forefront of developing your capital program request:

Livable Delaware

A greater emphasis will be placed on using State Strategies for Policies and Spending when reviewing capital program requests. In order to promote efficient development patterns, protect agriculture and open space and make cost-effective infrastructure investments, for the likes of schools, roads and public safety, the four investment level map designations identified in State Strategies will be used as a tool in helping guide recommendations on capital investments. The following are a brief synopsis of each investment level:

Investment Level 1

These areas provide regional and local identity and a sense of place for personal and business activities. Investment Level 1 areas include Delaware's incorporated communities and other intensely developed areas that contribute to the economic vitality of the state.

Investment Level 2

These diverse areas surround many municipalities and are the most popular portion of Delaware's developed landscape. They serve as transition areas between the Investment Level 1 areas and the state's more open, less populated areas. These areas are characterized by a limited variety of housing types (predominantly detached, single-family dwellings), commercial and office uses serving primarily local residents (examples: food, drugs, video rental and so forth) and a limited range of entertainment, parks and recreation and cultural and institutional facilities.

Investment Level 3

Investment Level 3 areas are portions of county designated growth zones or development districts that are not in the Investment Level 1 or 2 designations on the state's Strategy Map. They represent areas that counties believe will eventually develop because of existing wastewater systems or long-range plans for eventual service by public sewer. In New Castle County, these areas generally reflect phases 2 and 3 of the county's adopted wastewater facility plan. Although these areas may be primarily used for agriculture today, they are experiencing development pressure, and may not remain predominantly rural in the long term.

Investment Level 4

The state's open spaces and rural vistas are critical components of the quality of life Delawareans enjoy, as are the small settlements and historic villages reflecting earlier times. Delaware's Investment Level 4 areas are predominantly agricultural. These areas contain agribusiness activities, farm complexes and small settlements.

A greater level of detail regarding these investment levels as well as State Strategies for Policies and Spending can be found at <http://www.state.de.us/planning> or by contacting the Office of State Planning Coordination at (302) 739-3090.

Historic Preservation

An agency that is seeking, or has received, federal funds for construction should contact the Department of State, Division of Historical and Cultural Affairs, Office of Administration to help determine whether a project review is required per Section 106 of the National Preservation Act. Prior to construction, these reviews may require an archeological or historic site survey and a consultation on findings and effects. Contacting the division before any engineering or architectural design work has started will help minimize impacts on the proposed construction timeline and/or budget.

Similarly, agencies should also contact the Division of Historical and Cultural Affairs if a federal permit is required for construction, such as constructing a communications tower or if the proposed project potentially impacts dams, reservoirs or other waterways.

Minor Capital Improvement (MCI) vs. Major Capital Improvement

Minor Capital Improvements (MCI) include renovations, minor reconstruction and/or equipment with a life expectancy of ten years or more and a total cost not to exceed \$500,000, or that represents less than 50 percent of an agency's MCI appropriation, whichever is less. MCI projects should focus on keeping state-owned facilities in their original condition and maintaining building efficiencies. As in prior years, MCI should be prioritized in relation to other projects in the capital budget request. More specifically, each project within the MCI request should be prioritized, including a brief description and estimates for a completion date and total project costs.

The following items will not be considered for funding through MCI:

1. New or replacement computer hardware/software and accessories or expendable supplies;
2. Purchase of fleet or non-fleet special vehicles;
3. New construction of free standing facilities;
4. Personnel Cost expenditures; or
5. Travel expenses.

Major Capital Improvements have a life expectancy of 20 years or more and include, but are not limited to, planning, land acquisition, construction, reconstruction and renovations in excess of \$500,000. Furniture and equipment associated with new construction or major reconstruction must have a life expectancy of ten years. Purchase of fleet or non-fleet special vehicles for administrative or service delivery will **NOT** be considered.

You may contact Facilities Management within the Office of Management and Budget for assistance in estimating the cost and square footage requirements of major construction and reconstruction projects.

Project Funding Request Forms

Project Summary Chart

- 1) Rank all requested projects on a department-wide basis.

For each ranked project, please indicate the amount of state funding appropriated in the Fiscal Year 2006 and 2007 Capital Improvements Acts only (not the amount expended). If previously appropriated in the Operating Budget or authorized to Facilities Management for construction management, please asterisk the amount with a brief explanation at the bottom of the chart such as "Funds are authorized to the Office of Management and Budget."

- 2) Indicate the amount requested for Fiscal Year 2008, and, if applicable, Fiscal Years 2009 and 2010. Requests should be rounded to the nearest hundred dollars.

Total all columns at the bottom of the page. Please make sure that all columns total correctly and the project dollars match the dollar amounts on the individual project descriptions.

- 3) Each project dollar amount is to be rounded to the nearest hundredth.

Project Descriptions

Complete a project description for each requested project. This also includes requests for the second or subsequent years of an on-going project.

Project Name Number and list projects in department priority ranking.

Project Description Provide a brief and informative paragraph describing the need for the project, including background data, key objectives and strategies that justify the project.

If this is the second or subsequent year of a project, please use the existing language that appears in the Fiscal Year 2007 Governor's Recommended Capital Budget. Please begin each request with the phrase "Funding is requested for..."

Facility Data Please complete both the Present and Proposed data charts for building renovation projects. Complete only the Proposed Chart for new construction. This information will provide an understanding of the scope and size of the project as well as an estimated completion date. The completion date is especially important as the calendar schedule has been deleted from the capital budget request forms.

Position Request

Check the appropriate box and provide a brief statement explaining if the requested project will require additional positions.

NEW POSITIONS REQUESTED:

- Yes
- No

Capital Request

This information is required for all project types.

State Funds Authorized and Requested should show all the previous years in which funds were authorized and their amounts as well as the funds necessary in future fiscal years to complete the project. In the case of on-going appropriations such as MCI, Maintenance and Restoration, and Beach Preservation, please include appropriated funding from Fiscal Year 2006 forward. For specific building projects, please include total appropriated amounts for all of the fiscal years for which the project has received funding.

Capital Funds from Other Sources should show all the previous fiscal year(s) in which funds were authorized and the amount as well as the funds necessary in future fiscal years to complete the project. If funds were received from sources listed in the “Other” column, please place an asterisk next to the word “Other” at the top of the column and an explanation under the chart.

Note - Only the total of state funds previously allocated for Fiscal Years 2006 and 2007 should be reflected in the project summary chart that is the first document shown for the department in the Governor’s Recommended Capital Budget Book.

Cost Component

The Cost Component is required for Building Renovation and New Construction projects. A modified version is also required for transportation projects.

This section is critical to understanding the project request. The section must be completed fully and accurately. The totals for all of the categories under the heading “Total Previous Funding” must equal the amounts received from all sources during previous fiscal years. If you need assistance with estimating numbers for the listed categories for new projects, please contact Facilities Management.

Quick Reference Guide of Information Required

Project Type	Project Summary	Description	Facility Data	New Positions	Cost Component
MCI/Study	X	X			
Renovations	X	X	X		X
New Construction	X	X	X	X	X
Transportation	X	X			X
Equipment	X	X		X	

FY 2008 CAPITAL BUDGET

Submission Checklist

The Capital Budget Request is due by October 16, 2006:

- ◆ Transmittal cover letter signed by Agency Head
- ◆ Project Summary Chart of projects in rank order
- ◆ Capital project descriptions for each requested project (Project Justification MUST include comments pertaining to land use goals)
- ◆ Electronic submission

Capital Budget Request Distribution (original plus five bound hard copies)

Jennifer W. Davis Office of Management and Budget Haslet Building D570E Dover, DE 19901	1 original w/cover transmittal letter signed by Agency Head and 3 hard copies (bound)
Thomas M. Jarrett Department of Technology and Information William Penn Bldg. D410 Dover, DE 19904	1 hard copy (bound)
Russell T. Larson Office of the Controller General Legislative Hall D580A Dover, DE 19901	1 hard copy (bound)

**Agency/Department must deliver copies to the locations listed above.
The Office of Management and Budget will not be responsible for delivery.**

Rebecca.Lovin@state.de.us	1 electronic copy (e-mail attachment)
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Word Processing Guidelines

Word Processing Instructions

Instructions and formats to create the narrative portion of the operating and capital budgets for Fiscal Year 2008 are detailed in this section.

One of the goals of the Office of Management and Budget is to achieve a level of uniformity in the appearance of all budget requests. Recognizing that each department is unique and that total uniformity may not always be attained, departments should nonetheless follow the guidelines presented in this section when preparing budget documents.

General

The Office of Management and Budget will use Microsoft Word 2000 to produce the Governor's Recommended Budgets – both the operating and capital volumes for the Fiscal Year 2008 process. Shells will be provided electronically to each agency to assist in their budget request preparation. Use these shells to electronically submit the agency's narrative budget request.

Agencies/departments using word processing software other than Microsoft Word who encounter difficulties or have any questions regarding the submission should contact Becky Lovin at 739-4206.

Operating Budget

Budget Narrative Shell

Each agency will be provided an electronic shell that contains the correct format. The information contained in the shell will be the previous year's Governor's Recommended Budget narrative and position control spreadsheets. For consistency, agencies **must** use the current shell provided. Please contact the Office of Management and Budget if your agency does not receive the shell document by September 1st.

Content and Order of Appearance

The narrative portion of the agency's request **must** follow the content and order of appearance as indicated in the Operating Section on page 15 and as shown in Exhibits

A, B and C herein. Please note that organization charts, highlights, 5-year funding charts and the Budget/Position charts displayed in Volume I of the Governor's Recommended Budget are completed by the Office of Management and Budget and are not required as part of the department/agency's budget request submission.

Department Specific Charts/Graphs

All tables and charts in the narrative section must be created in Word and should be clearly presented and self-explanatory. The purpose of a chart/graph is to display information in a concise manner. Excel charts are not compatible with the format and must be re-created in Word. If you have questions on this procedure, please call Becky Lovin (739-4206) at the Office of Management and Budget.

Capital Budget

Budget Request Shell

Agencies/departments will be provided an electronic shell to complete their capital budget requests. This shell is a Word document and will be provided electronically. If your agency does not receive the shell document by September, please contact the Office of Management and Budget. This shell will include the project summary chart and project descriptions presented in one document. Extensive use of tables in this document allows the information to be presented in a logical and easily readable format. If your agency submitted a capital request last year, please use the shell provided this year and copy and paste the information where applicable. Also remember to include all information such as previous year funding and facility data and make sure all totals add up correctly.

Capital Project Description

All sections *must* be completed for each capital project. If a particular item is not applicable to a given project, please indicate "N/A" after the item headings. Please do not delete columns or sections.

The shell document provides space for four project requests. If the agency has more than four projects, use the copy/paste feature to add as many blank project requests as necessary.

Electronic Submissions

E-mail is the most efficient method to send your electronic budget requests to the Office of Management and Budget. All operating and capital budget request e-mail submissions should be addressed directly to:

Rebecca.Lovin@state.de.us

When electronically submitting the department's budget request, please indicate in the subject line of the e-mail whether the attachment is operating or capital and include the department name. If attaching both budgets to the same e-mail, please indicate which is operating and which is capital in the document's name.

Operating Budget

An electronic copy of the narrative portion of the Operating Budget request is due to the Office of Management and Budget by October 16, 2006.

***DO NOT INCLUDE** electronic copies of the following:*

Crystal/BDIS Reports

Strategic Plans

Organization Structure Change Forms

Information Technology Business Case Summaries

Documents created for internal use by your department

Capital Budget

An electronic copy of the Capital Budget request is due to the Office of Management and Budget by October 16, 2006.

Exhibits and Forms

All forms are available to download from the Internet at
<http://www.state.de.us/budget/fy2008>



**DEPARTMENT NAME
(ACCOUNT CODE)**

This section should represent a concise overview of the department's mission and the key objectives and priorities of the plan.

MISSION

The mission of the Department of (Name) is to
XX
XX
XX
XX
XX
XX.

KEY OBJECTIVES

- EnsureXX
XX.
- ProvideXX
XX.
- IncreaseXX
XX.
- ImproveXX
XX.
- EstablishXX
XX.

(NOTE: The beginning words above are merely suggestions to display style.)

DEPARTMENT NAME
(ACCOUNT CODE)

This section should contain the IPU key activities, performance measures and must also contain the service level budget request.

Additional requests for ASF must also be explained in the IPU Summary.

IPU NAME
00-00-00 (ORGANIZATION CODE)

ACTIVITIES

- Promote xxxxxxxxxxxxxxxx
- Monitor xxxxxxxxxxxxxxxx
or, another example:
- Information resource management
- Advisory services
- Special projects and studies

(NOTE: The beginning words and listing of activities are shown only to display style.)

PERFORMANCE MEASURES

	FY 2006 Actual	FY 2007 Budget	FY 2008 Gov. Rec.
% constituent inquiries responded to within 30 days	--	35	100

(NOTE: The table feature is used to create the chart above.)

If you submit Performance Measures in a typed column format rather than a table, be sure to use tabs between each column item rather than spacing. Tabbed text and numbers can be readily converted to a WORD table; if spaces are used, the text cannot be converted to a table and will require word for word copy-typing.

If a chart presentation is not applicable for your performance measures, paragraph form may be used.

SERVICE LEVEL REQUESTS

Refer to the Operating Instructions for detailed information on preparing your service level requests.

- Base (Level 1):**

- Inflation and Volume Adjustments (Level 2):**

- Structural Changes (Level 3):**

- Enhancements (Level 4):**

- One-Time Items (Level 5):**

EXHIBIT D-1 PHRST REPORT NEW FTEs

Microsoft Excel - fy2008-phrst-report.xls.xls

File Edit View Insert Format Tools Data Window Help

Type a question for help

110%

Times New Roman 10

B / **U**

E19

Align Left

1	Office of Management and Budget Haslet Armory, Third Floor 122 William Penn Street Dover, Delaware 19901 (302) 739-4206 FAX: (302) 739-5661					SAMPLE: Office of Management and Budget FY 2008 NEW FTEs	
2							
3							
4							
5							
6							
7							
9							
10							
11	Dept-APU-IPU	Pay Section	GF	ASF	NSF	POST Title	POST #
13	10-02-05	100		1.0		Administrative Assistant	
14							
15							
16	TOTAL		0.0	1.0	0.0		
17							
18							
19							
20							
21							
22							

NEW FTEs / Position Transfers / Position Deletions / Fund Switch /

Ready NUM

start | Inbox - Microsoft Out... | Microsoft Excel - fy20... | FY 2008 Final Budget ... | 11:27 AM

EXHIBIT D-2 PHRST REPORT TRANSFERS

Microsoft Excel - fy2008-phrst-report.xls.xls

File Edit View Insert Format Tools Data Window Help

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83%

Times New Roman 10 B I U

G31

		Office of Management and Budget Haslet Armory, Third Floor 122 William Penn Street Dover, Delaware 19901 (302) 739-4206 FAX: (302) 739-5661	SAMPLE: Office of Management and Budget and Budget FY 2008 Position Transfers									
10	FROM				TO							
12	Dept-APU-IPU	Pay Section	GF (TFO)	ASF (IFC)	NSF	Dept-APU-IPU	Pay Section	GF (TFO)	ASF (IFC)	NSF	POST Title	BP#
13												
14	10-02-05	100	(1.0)			10-02-10	100	1.0			Secretary	12345
15												
16												
17												
18	TOTAL		(1.0)	0.0	0.0			1.0	0.0	0.0		

NEW FTEs / Position Transfers / Position Deletions / Fund Switch /

Ready NUM

start | Inbox - Microsoft Out... | Microsoft Excel - fy20... | FY 2008 Final Budget ... | 11:28 AM

Microsoft Excel - fy2008-phrst-report.xls.xls

File Edit View Insert Format Tools Data Window Help

Type a question for help

H27

Times New Roman 10 B I U

Office of Management and Budget
 Haslet Armory, Third Floor
 122 William Penn Street
 Dover, Delaware 19901
 (302) 739-4206 FAX: (302) 739-5661

**SAMPLE: Office of Management and Budget
 FY 2008 Fund Switch**

FROM						TO					
IPU	Pay Section	Appropriation	GF	ASF	NSF	Appropriation	GF	ASF	NSF	POST Title	POST
10-02-05	100	0137	(1.0)			9837		1.0		Receptionist	55555
TOTAL			(1.0)	0.0	0.0	0.0	0.0	1.0	0.0		

NEW FTEs / Position Transfers / Position Deletions / Fund Switch /

Ready NUM 11:28 AM

DEPARTMENT
00-00-00

COST COMPONENT

Cost by Item
Property Acquisition
Total Construction Cost (TCC)
A/E Fee
Loose Equipment & Furniture
Environmental/Archeological Studies
Commissioning
Project Contingency
\$ Total

FISCAL YEAR 2009

1. Project Name

\$000,000
See Project Descriptions for FY 2008.

FISCAL YEAR 2010

1. Project Name

\$000,000
See Project Descriptions for FY 2008.