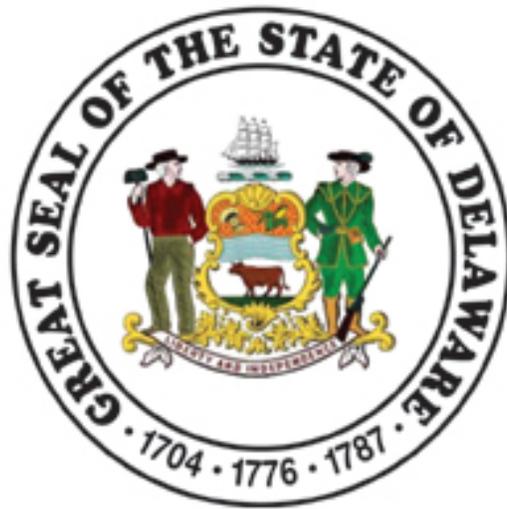


State of Delaware
Office of Management and Budget



Fiscal Year 2017
Operating and Capital
Budget Preparation Guidelines

Fiscal Year 2017

Budget Process Key Dates

- ❖ **Door Opener Requests**
Submission to Fiscal and Policy Analyst *August 17, 2015*
- ❖ **Organizational Structure Change Requests**
Submission to Fiscal and Policy Analyst *August 17, 2015*
- ❖ **Delaware Budget System (DBS)**
Open for agency use *August 31, 2015*
- ❖ **Budget Request Target Meetings**
Scheduling will be completed in July/August *September 2015*
- ❖ **New DBS Appropriations, Account Codes**
Submission to Fiscal and Policy Analyst *October 2, 2015*
- ❖ **DBS Data Entry for Operating Budget Completion**
Inform Fiscal and Policy Analyst when complete *October 8, 2015*
- ❖ **Operating and Capital Budget Requests**
Due to Office of Management and Budget *October 15, 2015*
- ❖ **Agency Budget Hearings**
Hearing schedule will be published in late August *November 2015*
- ❖ **Governor Submits Recommended Budgets**
Operating and Capital Budgets *January 2016*
- ❖ **Legislative Budget Hearings**
Operating and Capital Budgets *February - March 2016*

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Operating Budget Guidelines

General

Door Opener Requests

Door opener requests from agencies are due August 17, 2015. These requests are not included in the 1 percent growth figure. For Fiscal Year 2017, the Office of Management and Budget will consider the following items to be door openers:

- 1) Annualizations;
 - Remaining portion of positions and programs that were partially funded in the previous fiscal year.
- 2) Operating and Personnel Costs of new facilities or new information technology systems coming online in Fiscal Year 2017; and
 - New facilities funded via the capital budget that are completed mid-fiscal year and require operating funding for energy, maintenance, contractual services, etc.
 - New information technology systems that have recently been completed and require operating funding for maintenance, licensing, etc.
- 3) Growth in entitlements.
 - Medicaid service demands; enrollment growth in public schools.

Please complete the Budget Request Form included in the Exhibits and Forms section of these guidelines to explain door opener requests. Any change in the estimated cost of door openers after Target meetings must be discussed with your Fiscal and Policy Analyst prior to submitting your budget request.

Budget Request Target

The Office of Management and Budget will meet with agencies during September of this year to discuss funding issues for the upcoming fiscal year and develop a mutually agreed upon General Fund budget request target. This value represents the maximum level of funding an agency may request. This process applies to Cabinet agencies only; however, meetings are held with most agencies. Cabinet agencies will be held to zero complement growth for Fiscal Year 2017.

The budget request target is calculated using the following equation:

$\text{Fiscal Year 2016 Base Budget} + \text{Fiscal Year 2016 Salary/OEC contingency within the Office of Management and Budget} + \text{Door Openers} + \text{Target Growth Percentage (1\%)} = \text{Fiscal Year 2017 Budget Request Target}$

Organizational Structure Changes

Requests to change an agency's organizational structure from the way it is reflected in Section 1 of the budget bill must be discussed at Target meetings and receive the approval of the Office of Management and Budget prior to agency budget submission. Organizational structure changes include APU and IPU name changes, deletions and additions. These permanent changes should be required to meet the operational needs of the agency. A detailed explanation of the required changes will be required with submission. Agencies should only submit requests for organizational structure changes during the Governor's Recommended phase of the budget process.

A form to provide details of the proposed organizational structure 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.budget.delaware.gov>.

All requests for organizational structure changes must be submitted to your Fiscal and Policy Analyst by August 17, 2015. Agencies with no changes should return the signed form by August 17, 2015, noting no changes requested.

Additions/Reductions Lists

Agencies shall submit a list of additional policy/program initiatives less than or equal to 1 percent of their Fiscal Year 2016 appropriation (excluding One-Time Items) to be considered should revenue estimates increase. This list represents the Target growth percentage and is in addition to any allowable door openers. This 1 percent should also be included in the DBS budget entry.

Agencies shall submit a supplemental reduction list equal to 1 percent of their Fiscal Year 2016 appropriation (excluding Personnel Costs, Energy and One-Time Items) to be considered should revenue estimates decrease. This list must be composed of **achievable and reasonable budget reduction initiatives** and must identify impacts to service. Reductions should not include reallocation of cost to other agencies.

Reallocations

All budgetary reallocations should be identified and discussed with your Fiscal and Policy Analyst prior to submitting your budget request. Agencies should consider the following items:

- For data entry purposes, reallocations take place in service level 3, structural changes.
- All reallocations must net to zero within their fund type.
- Energy cannot be reallocated without written approval from the Office of Management and Budget. Please refer to the Energy section of this document for additional guidance regarding the reallocation of energy funds.
- Reallocations involving multiple agencies must be communicated with the impacted agencies, as well as the appropriate Fiscal and Policy Analysts, prior to submission. All impacted agencies shall include any mutually agreed upon reallocations as part of their Fiscal Year 2017 budget requests.

- Reallocations should take place during the Governor’s Recommended phase of the budget process. During the Mark-Up process, agencies should only submit requests for position movements that take place mid-year and need to be reflected in the final budget.
- A written justification should be provided to explain all requested reallocations.

Consolidation/Efficiency Areas

In an effort to continue to make government more efficient, each Cabinet agency shall formulate a proposal, which identifies cost-savings measures, redundancy of programs and/or assesses the effectiveness of long-standing programs. This may include areas to reduce or repurpose positions. Consolidation of programs across multiple agencies shall be considered. The Office of Management and Budget will review these proposals as part of the budget process.

Pass Through Epilogue Requirements

In accordance with Section 24 of the Fiscal Year 2016 Operating Budget, agencies with “pass throughs” shall incorporate into their budget request a report detailing pass through organization funding, performance and service delivery options.

The agency should submit a recommendation regarding continuation of funding.

Service Levels

Fiscal Year 2017 budget requests will consist of five service levels.

Budget Request Forms are required (General Fund and Appropriated Special Funds) for requests under service levels 1, 2, 4 and 5.

Any positions included in service levels **must** be accompanied by position titles as reflected in PHRST, position numbers, appropriations and pay sections in the Delaware Budget System (DBS).

Base Adjustments (Service Level 1)

The base budget reflects 100 percent of the Fiscal Year 2016 budget plus the Salary/OEC contingency within the Office of Management and Budget.

For Fiscal Year 2017, base adjustments shall include:

- Fiscal Year 2016 Salary/OEC contingency;
- Annualizations of positions, programs and facilities;
- Delaware State Clearinghouse Committee approved position changes for Fiscal Year 2016;
- Positions reallocated or switch funded to meet critical workforce needs (Section 52 Memo) during the fiscal year;
- Non-appropriated Special Fund (NSF) changes;

- All prepared reductions not deemed as reallocations or structural changes; and
- Revenue adjustments.

Please complete the Budget Request Form included in the Exhibits and Forms section of these guidelines to explain your agency's request.

Inflation/Volume Adjustments (Service Level 2)

Service Level 2 is used for requesting cost and quantity increases as reflected in the paragraph below.

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 increases, 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. Growth in entitlements would typically fall in this level.

Please complete the Budget Request Form included in the Exhibits and Forms section of these guidelines to explain your agency's request.

Structural Changes (Service Level 3)

Service Level 3 is used to reallocate funding and/or positions within or between budget units and/or agencies.

Any positions included in structural changes **must** be accompanied by position titles as reflected in PHRST, position numbers, appropriations and pay sections in DBS. Structural changes involving multiple agencies must be communicated with the impacted agencies, as well as the appropriate Fiscal and Policy Analysts, prior to submission. All impacted agencies shall include any mutually agreed upon reallocations as part of their Fiscal Year 2017 budget requests. **All structural changes must net to zero by fund type. Switch funds are not structural changes; any requests to switch fund should be done in the base adjustment service level.** If a position is both reallocated and switch funded, please contact your Fiscal and Policy Analyst for submission instructions.

Enhancements (Service Level 4)

Service Level 4 is used for agency/department requested expansions of current programs and activities or for the establishment of new programs and activities.

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

Program requests at this level should reflect actual dollars to be used in Fiscal Year 2017.

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.

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

If a request results from a prescribed federal or state 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.

Please complete the Budget Request Form included in the Exhibits and Forms section of these guidelines to explain your agency's request.

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. Approved One-Time Items will be reflected in the Office of Management and Budget's Contingencies and One-Time Items and thus will not be reflected in the agency's base.

Please complete the Budget Request Form included in the Exhibits and Forms section of these guidelines to explain your agency's requests. No Appropriated Special Funds (ASF) One-Time Items are permitted. Please see the ASF section of this document for additional clarification.

Appropriated Special Funds

All ASF requests must include the same level of detail and documentation as General Fund requests, which shall include submitting Budget Request Forms for ALL ASF requests.

ASF budget requests must be based on estimated collections from existing fees and/or projected carryover balances. If ASF requests exceed estimated collections and/or carryover balances, documentation explaining the funding mechanism must be provided.

All revenue adjustments must be made in Service Level 1 (Base Adjustments).

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

Any ASF requests for One-Time Items must be requested as a base adjustment, inflation and volume or enhancement as appropriate. If the request is included or approved in the budget, the authority will then be reduced the following budget year. ASF requests occurring in Service Level 5 as One-Time items will not be permitted.

Non-appropriated Special Funds

For Fiscal Year 2017, agencies are expected to update NSF revenue and expenditures currently included in DBS. **All NSF changes should be made as a base adjustment (Service Level 1).**

Appropriation Line Instructions

An enhanced capability to budget appropriations by account is available in DBS. Agencies are strongly encouraged to take advantage of this capability to accurately budget appropriations by account to reflect actual expenditures.

Personnel Costs

Base adjustment figures should not include a salary increase for Fiscal Year 2017. Salary policy for Fiscal Year 2017 will be determined during the recommended budget phase. Cabinet agencies shall have zero complement growth in their Fiscal Year 2017 budget request. For new position requirements, agencies are directed to address those needs by reallocating existing resources.

The following items should be considered when estimating personnel costs:

- **New Positions**

For Fiscal Year 2017, there will be no new position growth.

- **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 the Controller General. Casual/seasonal employment must be restricted to less than 30 hours per week unless approved by the Director of the Office of Management and Budget and the Controller General.

- **Position Control Spreadsheets**

Position Control Spreadsheets have been incorporated into DBS. In order to facilitate the configuration of PHRST for Fiscal Year 2017, the following information is required when requesting position reallocations, position reductions and/or switch funding of positions:

- Department ID (Dept/APU/IPU)
- Pay Section
- Appropriation
- Funding Source
- Position Title and Number (if applicable)

Exhibit D in the Exhibits and Forms section of the guidelines provides examples of how to utilize DBS. **Please complete this as part of your DBS entry on or before October 8, 2015.**

Please refer any questions to your Fiscal and Policy Analyst.

Other Employment Costs

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

- **FICA - Employer's Share**

The maximum withholding is currently calculated on \$118,500 earnings at a rate of 6.20 percent (.0620).

FICA data should be entered into DBS account 52006.

Note: Uniformed State Police, Senate and House members are exempt from Social Security contributions.

- **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 DBS account 52016.

- **Workers' Compensation**

The Workers' Compensation rate is 1.520 percent (.0152). This rate should be applied to all salaries, including casual/seasonal salaries.

Workers' Compensation should be entered into DBS account 52005.

- **Unemployment Insurance**

The Unemployment Insurance rate is 0.15 percent (.0015). This rate should be applied to all salaries, including casual/seasonal salaries.

Unemployment Insurance data should be entered into DBS account code 52009.

- **Pensions**

The pension cost calculation is 21.16 percent (.2116) of salary. This rate will be applied to all salaries, except for those listed below:

- **Casual/Seasonal**
- **Substitute Teachers**
- **House and Senate Attachés**
- **Board Members** (*unless employed under Pension Rules and Regulations*)
- **Uniformed State Police** - 25-year-plan member's rate is 22.06 percent (.2206)

- **Judges** - The pension cost calculation for judges is 27.84 percent (.2784)

- **Health Insurance**

The average Health Insurance cost for Fiscal Year 2017 is projected to be \$13,938 per Full-Time Equivalent (FTE).

Energy

For purposes of preparing the agency's budget request, assume the same dollar appropriation for Energy as contained in the Fiscal Year 2016 budget. Adjustments may be made during the recommended budget phase; however, may not be reallocated without approval from the agency's assigned Fiscal and Policy Analyst. All requested adjustments to Energy must be accompanied by appropriate documentation, and the need for such an adjustment communicated to the appropriate Fiscal and Policy Analyst.

Supplies and Materials/Capital Outlay

Supplies and Materials will include items costing \$1,000 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 with a useful life of more than one year.

In instances where specific accounts may not exist in Supplies and Materials (56000 series), please use Account 56000.

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.

Minor capital improvements (MCI) and equipment appropriations are currently funded in the capital budget. For Fiscal Year 2017, requests for MCI funding should be structured in accordance with the capital budget instructions contained in this handbook.

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). In the FSF system, the term for these appropriations is "programmatic."

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

requesting the addition of new special appropriations in DBS or if there are questions about this capability.

Revenue

Agencies are to budget revenue in DBS, showing forecasts for Fiscal Year 2017 collections. Revenue data must be entered for **all** funds.

Any adjustment shall be made as a base adjustment, Service Level 1. ASF and NSF Revenue must not be less than anticipated expenditures unless there are extenuating circumstances that have been communicated to your Fiscal and Policy Analyst.

Information Technology Requests

The Department of Technology and Information's (DTI) Internal Technology Investment Council (iTIC) was established by the State's Chief Information Officer to provide a forum for cross-team assessment of proposed technology related Business Cases. Business Cases are reviewed with specific consideration given to the proposed project's feasibility, risk and suitability, as well as its overall compliance with stated and de-facto technical standards and guidelines. Specifically, iTIC is interested in leveraging existing information technology (IT) investments through collaborative solutions. The Office of Management and Budget will provide support to iTIC/Technology Investment Council (TIC) in their assessments of agency requests.

In order to be considered for funding, technology requests submitted to iTIC must also be included in an agency's Fiscal Year 2017 budget request. Technology budget requests must be within the agency's target growth 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 2017.

DTI utilizes a business case methodology to provide agencies the opportunity to describe and justify each request. An IT Business Case submission must be completed for each project requested within the operating budget request target figure or the capital budget request using the Project Portfolio System (PPS). A printed copy of the Business Case's draft financial plan and work detail must be included in the operating or capital budget request. Agencies who have questions related to the submission of the Business Case should contact their DTI Customer Engagement Specialist, listed at http://extranet.dti.state.de.us/pdf/CET_Assignments.pdf.

iTIC Membership

iTIC consists of the following voting members representing the primary disciplines within the State, including DTI's Application Delivery, Systems Engineering, Telecommunications, Project Management, Data Center and Operations teams, as well as the Architecture Review Board, Security Office and DTI's Controller. In addition, the Government Information Center and a member of the Information Resource Management (IRM) Council are represented on iTIC.

Other active participants in the iTIC process include the DTI Customer Engagement Specialists, additional representatives from DTI, and oversight from the Office of Management and Budget.

What are the iTIC Recommendations?

After considering the information available and submitted through the Business Case process, iTIC will issue one of the following recommendations.

Recommend (unconditionally):

- Technical aspects are compliant and sound and within the criteria established for state technology initiatives.
- The agency has done due diligence in terms of assessing risk, studying feasibility, defining scope and planning the project so as to adequately satisfy the needs of its business unit using technology appropriate to the requirements.

Recommend (with conditions):

- Same as Recommend (unconditionally), but with suggestions or requirements pertaining to the way in which the project is undertaken.

Pending Technical Review (PTR):

- Technical aspects are not yet fully known; iTIC requires the agency to update the Business Case and return for review and evaluation upon defining the proposed technical solution.
- The conceptual solution needs to be proven before iTIC will recommend unconditionally; agency is requested to return after proof of concept is complete, and iTIC will re-evaluate in light of the results thereof.

Do not recommend:

- The proposed technical solution is not compliant and cannot be permitted as specified; agency is requested to re-work the proposed technical solution and return for re-evaluation when complete. If this is not feasible, the agency is requested to provide documentation indicating the reasons for the non-compliant technical solution, and iTIC will re-evaluate in light of the facts presented.
- The agency is unable or unwilling to satisfy iTIC's requests for additional information or will not participate in revising the proposed solution.

In instances where the recommendation is "Do not recommend", iTIC will explain the reason for the recommendation given and will make every effort to work with the requestor to remedy the issues and move the Business Case toward a recommendation to proceed.

If you have any additional questions about the process, please refer them to your agency's IRM.

Budget Request Entry in Delaware Budget System

DBS interfaces with FSF. Data will be entered into DBS using the chart field values created for FSF. Training will be available for all new personnel who are entering budget data in DBS or those who need a refresher. The Office of Management and Budget will schedule August training sessions and will notify agencies of training dates. Visit the website for the DBS Manual and training information at <http://budget.delaware.gov/>.

DBS will be available for agency use for Fiscal Year 2017 beginning on August 17, 2015.

Fiscal Year 2015 actual expenditures reflected in DBS include:

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

This data has been downloaded from FSF. Please review the expenditure information prior to data entry and notify your Fiscal and Policy Analyst of any significant discrepancies.

Please note: Types 20 and 40 are added together and rolled up by account code.

During data entry in DBS, if additional appropriations and/or accounts are required, including developing the structure for proposed organizational changes, please coordinate with your Fiscal and Policy Analyst. For the request and recommended phases, DBS will use pseudo appropriations in place of these new appropriations. Only new appropriations voted into the final budget will be created in FSF.

Please contact your Fiscal and Policy Analyst by October 2, 2015, to request new appropriations in DBS.

After you complete data entry, please contact your Fiscal and Policy Analyst immediately to review the entry. DBS data entry should be completed no later than October 8, 2015.

Your Fiscal and Policy Analyst will perform the following checks:

- ✓ *Check Fiscal Year 2015 expenditures to year-end Daily Validity Report;*
- ✓ *Check Fiscal Year 2016 budget and positions to Budget Act;*
- ✓ *Ensure that funding for Energy has not been reallocated;*
- ✓ *Ensure that the request total does not exceed target (if issued);*
- ✓ *Verify with the department that appropriate base items have been included in Service Level 1;*
- ✓ *Ensure that negative values do not exist in Fiscal Year 2017 service levels (DBS report NEGVDEPTREQ);*
- ✓ *Ensure that no One-Time ASF authority has been requested in service level 5;*

- ✓ *Ensure that all structural changes net to zero within the fund type;*
- ✓ *Ensure that approved organizational changes have been completed correctly; and*
- ✓ *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 DBS Reports at your site for inclusion in your budget request. **Please do not print reports until your Fiscal and Policy Analyst has notified you that entry has been approved.**

The required DBS Reports are structured in the following categories and subcategories and are labeled in DBS as submission reports:

TITLE (Name of DBS Report):	REPORT PROVIDES:
Department Summary by APU/Fund (REQORG)	Department budget by Appropriation Unit
APU Summary by IPU/Fund (REQORG2)	Appropriation Unit budget by Internal Program Unit
IPU Report by APPR/Fund (REQPRD3)	Internal Program Unit budget by appropriation

Should you require additional assistance with DBS Reports, please contact your Fiscal and Policy Analyst.

Narratives

The narrative of your budget request is to be built upon your agency’s strategic planning efforts. It is essential that your narrative contain the mission(s), goals, key objectives and performance measures set forth in your agency’s strategic plan. Please see the Word Processing Guidelines beginning on page 23 of this document. Please also use last year’s narrative as a base and stay within approximately the same narrative length when possible.

The narrative portion consists of the following components:

A. Department Summary

- Department Mission
- Key Objectives (core government services)

B. Appropriation Unit Summary

- Appropriation Unit Mission
- Key Objectives (core government services)
- 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 (base adjustments only)
 2. Inflation and Volume Adjustments
 3. Structural Changes
 4. Enhancements
 5. One-Time Items

FISCAL YEAR 2017 OPERATING BUDGET

Submission Checklist

- ◆ Organizational Structure Changes (to Fiscal and Policy Analyst) by August 17, 2015
- ◆ Door Openers and Budget Request Forms (to Fiscal and Policy Analyst) by August 17, 2015

The Operating Budget Request is due October 15, 2015, and should include:

- ◆ Transmittal cover letter signed by Agency Head
- ◆ List of potential reductions amounting to 1 percent of Fiscal Year 2016 appropriation excluding Debt Service
- ◆ List of potential additional budget items amounting to 1 percent of Fiscal Year 2016 appropriation
- ◆ Complete department-wide ranking of all funding requests over and above the base budget
- ◆ Consolidation/Efficiency Areas Proposal
- ◆ DBS reports
- ◆ Budget Request Forms
- ◆ Information Technology Business Case Summary
- ◆ Narratives: Department, APU and IPU Summaries
- ◆ Electronic submission (narratives only)
- ◆ Pass Through Recommendations

Operating Budget Request Distribution (original plus three bound hard copies and three electronic copies)

Please do not distribute until your Fiscal and Policy Analyst has approved DBS entry.

Ann S. Visalli
Office of Management and Budget
Haslet Armory, Third Floor D570E
Dover, DE 19901

- 1 original w/cover transmittal letter signed by Agency Head (bound) and
- 3 hard copies (bound)
- 1 electronic copy of full submission and 1 electronic copy of narrative only in Word format (e-mail attachment) sent to Laura.Gott@state.de.us

James Collins
Department of Technology and Information

- 1 electronic copy sent to Ronda.Ramsburg@state.de.us

Michael Morton
Office of the Controller General

- 1 electronic copy sent to Dawn.Hill@state.de.us

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

Capital Budget Guidelines

Capital Budget Instructions

Instructions and forms necessary to request capital funding for Fiscal Year 2017, and to reflect the capital plan for Fiscal Years 2018 and 2019, 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 improvements and equipment purchases. As such, state agencies, public school districts and higher education institutions, through the capital budget process, may request funding for the following types of initiatives, whether they are standalone 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;
6. Transportation improvement projects; and
7. Technology 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 Target meetings.**

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

Coordination with State Land Use Policies

A greater emphasis will be placed on using the *Strategies for State Policies and Spending* (see <http://stateplanning.delaware.gov/strategies/>) when reviewing capital program requests. In order to promote efficient development patterns, protect agriculture and open space and make cost-effective infrastructure investments, for schools, roads and public safety, the four investment level map designations identified in the *Strategies* will be used as a tool in helping guide recommendations on capital investments.

Agencies and school districts that receive funds through the Bond and Capital Improvements Act for land acquisition or new construction must review their projects in advance with the Office of State Planning Coordination (OSPC). The OSPC website contains a page that provides guidance for agencies making requests, as well as a required land use questionnaire that must accompany your request.

<http://stateplanning.delaware.gov/services/budget.shtml>

Projects associated with capital budget requests are required to go through the Preliminary Land Use Service (PLUS) process (See <http://stateplanning.delaware.gov/plus/>).

A greater level of detail regarding the investment levels, the *Strategies for State Policies and Spending* and the PLUS process can be found at <http://stateplanning.delaware.gov> or by contacting the Office of State Planning Coordination at 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, State Historic Preservation Office (SHPO) 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 building survey and include consultation on findings and effects. Contacting SHPO 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/SHPO if a federal license or permit is required for construction, such as constructing a communications tower or if the proposed project potentially impacts wetlands, dams, reservoirs or other waterways. Section 106 of the National Preservation Act reviews apply to these actions as well.

Minor Capital Improvements vs. Major Capital Improvements

Minor Capital Improvements (MCI) include renovations, minor reconstruction and/or equipment with a life expectancy of 10 years or more and a total cost not to exceed \$750,000. 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. A brief description of proposed MCI projects and estimates for a completion date and total project costs shall be included in your request.

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

1. New or replacement computer hardware/software, phone systems 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 \$750,000. Furniture and equipment associated with new construction or major reconstruction must have a life expectancy of 10 years or more. 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 Years 2015 and 2016 Bond and 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 2017, and, if applicable, Fiscal Years 2018 and 2019. 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 appeared in the Fiscal Year 2016 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 and replacement projects. Complete only the proposed chart for new construction where a current site or system does not exist. This information will provide an understanding of the scope and size of the project as well as an estimated completion date.

Operating Budget Impact

Provide a brief and informative paragraph describing any impact to the Operating Budget and complete applicable sections of the table. Please identify ongoing, as well as one-time costs and savings by fund type, appropriation description and fiscal year, including position and personnel cost impacts. If there are no Operating Budget impacts, denote as “No Operating Budget impact.”

Capital Request Funding

This information is required for all project types.

State Funds Authorized and Requested should show all previous fiscal year(s) in which funds were authorized in a Bond and Capital Improvements Act and the 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 Years 2015 and 2016, as well as Fiscal Years 2017, 2018 and 2019. For specific projects, please include total appropriated amounts for all of the fiscal years for which the project has received funding and all future fiscal years to complete the project.

Capital Funds from Federal and 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. “Other” includes any funds from any source other than those in the Bond and Capital Improvements Act.

Cost Component

The Cost Component is required for all projects, except in the case of ongoing appropriations such as MCI. 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. All of the categories must equal the total project cost, as well as the Capital Request Funding Chart. If it does not equal,

provide an explanation under the chart. 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	Operating Budget Impact	Cost Component
MCI/M&R/Study	X	X		X	
Renovations	X	X	X	X	X
New Construction	X	X	X	X	X
Transportation	X	X		X	X
Equipment	X	X	X	X	X
Technology	X	X	X	X	X

FISCAL YEAR 2017 CAPITAL BUDGET

Submission Checklist

The Capital Budget Request is due by October 15, 2015, and should include:

- ◆ 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 two bound hard copies and three electronic copies)

Ann S. Visalli Office of Management and Budget Haslet Armory D570E Dover, DE 19901	1 original w/cover transmittal letter signed by Agency Head (bound) and 2 hard copies (bound) 1 electronic copy (narratives only in Word format, e-mail attachment) sent to Laura.Gott@state.de.us
James Collins Department of Technology and Information	1 electronic copy sent to Ronda.Ramsburg@state.de.us
Michael Morton Office of the Controller General	1 electronic copy sent to Dawn.Hill@state.de.us

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

Word Processing and Budget Narrative Guidelines

Word Processing and Budget Narrative Guidelines

Instructions and formats to create the narrative portion of the operating and capital budgets for Fiscal Year 2017 are detailed in this section.

General

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.

The Office of Management and Budget will use Microsoft Word 2013 to produce the Governor's Recommended Budgets - both the operating and capital volumes for the Fiscal Year 2017 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 Laura Gott at 672-5128.

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. For consistency, agencies **must** use the current shell provided. Please contact Laura Gott at 672-5128 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 on page 13 and as shown in Exhibits A, B and C herein. Please note that organization charts, 5-year appropriation charts and the Funding/Position charts displayed in Volume I of the Governor's Recommended Budget are completed by the Office of Management and Budget. Organization chart changes must be submitted and approved as organization structure changes.

Department Specific Charts/Graphs

All tables and charts in the narrative section must be created in Microsoft 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 Laura Gott at 672-5128.

Capital Budget

Budget Request Shell

Agencies/departments will be provided an electronic shell to complete their capital budget requests. If your agency does not receive the shell document by September 1st, please contact Laura Gott at 672-5128. 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 update as needed. Also, remember to include all information such as previous year funding and facility data and verify totals.

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 additional project requests. If the agency has more than four new projects, use the copy/paste feature to add as many blank project requests as necessary.

Please delete any project for which funding is not being requested for Fiscal Year 2017, 2018 or 2019.

Electronic Submissions

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

Laura.Gott@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 Operating Budget request is due to the Office of Management and Budget by October 15, 2015. Please submit narrative portion in Word format.

Capital Budget

An electronic copy of the Capital Budget request is due to the Office of Management and Budget by October 15, 2015.

Exhibits and Forms

All forms are available to download from the Internet at
<http://budget.delaware.gov/>



**DEPARTMENT NAME
(ORGANIZATION CODE)**

This section should represent a concise overview of the department's mission and the key objectives and priorities of the strategic plan. Core government services provided by the Department, after careful review and consideration by the agency head, should be included and defined within key objectives.

MISSION

The mission of the Department of (Name) is to
XX
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
(ORGANIZATION CODE)

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

Adjustments to ASF and NSF must also be explained in the IPU Summary and in the service level requests.

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 2015 Actual	FY 2016 Budget	FY 2017 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.

If a performance measure has changed by more than 10 percent, please let the analyst know.

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 DBS POSITION LIST



Budget Forms

Delaware
Budget
System

IPU Requested FTE Budget
For Budget Year: 2017
100210 Budget Administration

Line #	Position #	Position Description	FY2016 Request FTEs			
			Hundredths	Tenths	Service Level	Pay Sect.
General Fund		2017 Positions:	34.80	34.8		
00137 Personnel						
<input type="text" value="100"/>	<input type="text" value="00012344"/>	<input type="text" value="Administrative Specialist I"/>	<input type="text" value="1.00"/>	<input type="text" value="1.0"/>	<input type="text" value="Structural Change"/>	<input type="text" value="100"/> <input type="text" value="Reallocate"/>
Total Personnel			0.00	0.0		
Total General Fund			34.80	34.8		
Appropriated Special Fund		2017 Positions:	15.50	15.5		
09102 Personnel						
<input type="text" value="200"/>	<input type="text" value="00012344"/>	<input type="text" value="Accounting Specialist"/>	<input type="text" value="-1.00"/>	<input type="text" value="-1.0"/>	<input type="text" value="Structural Change"/>	<input type="text" value="100"/> <input type="text" value="Switch Fund"/>
Total Personnel			0.00	0.0		
Total Appropriated Special Fund			15.50	15.5		
Non-Approp. Special Fund		2017 Positions:	2.70	2.7		
BDS80 NSF Personnel						
<input type="text" value="300"/>	<input type="text" value="00012344"/>	<input type="text" value="Accounting Specialist"/>	<input type="text" value="1.00"/>	<input type="text" value="1.0"/>	<input type="text" value="Structural Change"/>	<input type="text" value="100"/> <input type="text" value="Switch Fund"/>
Total NSF Personnel			0.00	0.0		
Total Non-Approp. Special Fund			2.70	2.7		

Save \ Refresh

Statistics
Options
Exit

Budget Forms |
 100210 (2) |
 FTEREQ-2017 (1) |
 Choose a form |
 Process

100%

Position Data Entry Fields

- Line number - keeps the position entries in order; line numbers cannot be repeated within an IPU.
- Budget position number - identifies the position with requested changes. For new position requests, TBD should be entered in the budget position number field. Please use formal eight digit BP# (e.g. 00001234).
- Hundredths and tenths - indicate percentage of position. FTEs paid from one funding source should be entered as 1.00 and 1.0; casual/seasonal positions should have a 0.00/0.0 entry; and split funded positions should be referenced as paid in each appropriation (e.g. 0.50 and 0.5 ASF, 0.50 NSF). Round as necessary for tenths field.
- Service level - references the service level of the position modification, such as Structural Changes or Enhancement.
- Pay section - identifies the PHRST pay section from which the position will be paid. Pay sections can be found in PHRST.
- Action - indicates the action of the position change, such as new, switch fund or deletion.
- Comments - must be entered to explain request (e.g. Reallocate to IPU and Reallocate from IPU, IPU should be referenced as XX-XX-XX; Switch fund to GF and Switch fund from ASF).

FISCAL YEAR 2017
ORGANIZATION STRUCTURE CHANGES

Please use this form to provide detailed information on any planned Fiscal Year 2017 structural changes within your agency. Include justification for proposed changes, expected outcomes and budget impact (FTEs/Dollars). If applicable, please identify other organizations or agencies that will be impacted by the change.

Submit your completed form to your Fiscal and Policy Analyst by August 17, 2015. For major organizational changes, additional information may be requested.

Department Name: _____

Name Changes:

APU 00-00	IPU 00-00-00	Current Name	Requested Name	Justification

Dept/APU/IPU Changes:

Current Dept/APU/IPU	Requested Dept/APU/IPU	Proposed Budget Impact		Structural Change
00-00-00	00-00-00	FTE(s)	Dollars (GF or ASF)	<i>(Use this section to provide justification for structural changes and program impacts)</i>
			\$	
			\$	
			\$	
			\$	
Total Budget Impact			\$	

If more space is needed, please attach additional pages to this form.

If no changes, please indicate here and sign below.

Prepared by _____

Title _____

Date _____

OPERATING BUDGET REQUEST FORM - FISCAL YEAR 2017

Department/Division/IPU:	
Priority Number*:	
Request Title:	

*If there are multiple components within a priority, please clarify sub-priorities.

A. Detailed Summary and Background of Budget Request:

Provide a succinct paragraph which should include dollars/FTEs. This summary should include background information and justification for the request.

B. Consequences if Budget Request is Not Funded:

Provide specific potential impacts and outcomes (e.g. service volume impacts or potential waiting lists) if the budget request is not funded.

C. Appropriation History:

Please complete the table below. If expenditures are greater than the budget for any year, identify alternative appropriations used to cover the deficit.

	BUDGET				EXPENDITURES			
	GF	ASF	NSF	Total	GF	ASF	NSF	Total
FY14								
FY15								
FY16								

*If appropriations are continued into the next fiscal year, please only include the amount expended in the budgeted fiscal year.

D. Calculations for Budget Request:

Provide funding/FTEs for your budget request in the table below. If there are multiple components to the request, please complete a separate table for each component.

Appr. Number	Appr. Name	FY17				Out Years (General Fund Only)		
		GF	ASF	NSF	Total	FY18	FY19	FY20
	Total Dollars							
	FTEs							

*Out years should be annualizations (new funds) and should not include base funds from prior years.

E. Assumptions for Calculations:

Provide exact calculations, formulas, and source of numbers used in calculations.

F. Implementation Schedule:

Provide a timeline for the request (i.e. when will program/project begin, when will FTEs be hired).

G. Performance Measures or other Pertinent Information:

Provide relevant performance measures to support this budget request.

H. Collaborations with Other Government Agencies/Non-Profit Organizations (if applicable):

Provide information on contributions of other organizations (i.e. in-kind services or other resources).

I. Impact on Other Government Agencies/Non-Profit Organizations (if applicable):

Provide positive and/or negative impacts of this budget request on other agencies/organizations.

J. Statutory and Federal Authority:

Provide relevant citations from state and federal laws/regulations which support this budget request.

K. Comparability to Surrounding States (if applicable):

Is this program/service provided in New Jersey, Pennsylvania and/or Maryland? Provide quantitative measures to describe the funding in Delaware comparative to the surrounding states.

**DEPARTMENT
00-00-00**

COST COMPONENT

Cost by Item
Land Acquisition / Right of Way
Architectural / Engineering / Design
Environmental/Archeological Studies
Construction
Loose Equipment and Furniture
Commissioning
Project Contingency
\$ Total

*Name Other cost component here.

FISCAL YEAR 2018

1. Project Name	\$000,000
------------------------	------------------

See Project Description for FY 2017.

FISCAL YEAR 2019

1. Project Name	\$000,000
------------------------	------------------

See Project Description for FY 2017.