



STATE OF ARKANSAS  
ASA HUTCHINSON  
GOVERNOR

*MEMORANDUM*

**TO:** All State Agency Directors  
**FROM:** Governor Asa Hutchinson   
**DATE:** April 21, 2015  
**SUBJECT:** Executive Policy Statement for the Fiscal 2016 Annual Operations Plan

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At every level of state government, we make decisions that affect the job we do for our state, our taxpayers, and our fellow citizens. Preparation of the Annual Operations Plan is an important part of that process.

When we operate state government more efficiently, raise our level of performance, and reduce the regulatory burden on individuals and business, we lay the groundwork for job creation and economic growth.

As you begin preparing your annual budgets for the 2016 fiscal year, please keep the following in mind:

- **Efficiency:** We should work to provide value to our taxpayers for each dollar we spend. We do this by inviting good ideas and welcoming new ways of doing things. Eliminate programs that are no longer needed if the funding level is so low as to be ineffective, or if existing programs already meet the need. Seek better ways of addressing needs, particularly where you can work with other state agencies to more efficiently administer a program. Finance new initiatives or mandates through internal reallocation of resources.
- **Performance:** The Department of Finance and Administration will be working with agencies over the next year to assess reasonable performance measures, taking their cues from other states that have successfully implemented such initiatives. As you are building your budgets, you should consider what measures would be appropriate within existing frameworks, and what changes in data collection procedures will be required to insure future compliance.
- **Hiring Freeze:** To promote fiscal efficiency and financial integrity, a moratorium on hiring has been implemented. All state offices, departments and agencies, unless granted

exemption, should refrain from filling or budgeting positions, including new and replacement positions, unless it is determined that a legitimate business need requires the position to be filled. (Executive Order 15-01)

- **Review of Rules and Regulations:** Reducing the regulatory burden on individuals and businesses is an important component of spurring economic development and job creation in Arkansas. All state offices, departments and agencies, unless granted an exemption by the Governor, are required to submit all proposed new rules and regulations and amendments to existing rules and regulations to the Governor for approval. (Executive Order 15-02)
- **Contract Review:** As you are preparing your budgets, please complete a thorough review of all existing contracts. This review should include: the size, scope and continued need for the contract; the number of contract employees; the length of time a particular vendor has been used; vendor competition; dependency upon sole source contracts; and historical vendor performance. You should determine whether those functions could be more appropriately handled in-house with existing staff and resources.
- **One-time Funds:** Requests for one-time funds for infrastructure and maintenance of buildings continue to outstrip the available funds. Significant mandatory debt obligations must continue to be funded from the General Improvement Fund. Priorities should be the maintenance and repair of existing facilities rather than construction of new facilities.

We do this with the goal of increasing the personal income of the citizens of Arkansas. As we operate more efficiently, produce greater results, and reduce the regulatory burden on our citizens, we help foster an environment for economic growth and private sector job creation.

Thank you for your service to the State of Arkansas and your commitment to improving state government.

# **INSTRUCTIONS**

for preparation of the

# **ANNUAL OPERATIONS PLAN**

Fiscal Year 2016



For  
**State Agencies**

**DEPARTMENT OF FINANCE & ADMINISTRATION**

**OFFICE OF BUDGET**

**I N D E X**  
**ANNUAL OPERATIONS PLAN**  
**FOR FISCAL YEAR 2016**

**ATTENTION: IMPORTANT CHANGES ENACTED BY THE 90<sup>TH</sup>  
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These instructions and forms are available on the DFA - Office of Budget web site at:

[www.dfa.arkansas.gov/offices/budget](http://www.dfa.arkansas.gov/offices/budget)

# **GENERAL INSTRUCTIONS FOR PREPARATION OF THE ANNUAL OPERATIONS PLAN FOR FISCAL YEAR 2016**

In order to implement provisions of the General Accounting and Budgetary Procedures Act (Arkansas Code Annotated §19-4-101 et seq.) the following procedures must be followed:

All agencies must submit an Annual Operations Plan (A.C.A. §19-4-607) by **May 22, 2015**, supported by the required forms (Director approval letter, Annual Funds Center Totals by Cost Center report, Annual Funds Center Worksheet, Annual Quarterly Worksheet, Certification(s) of Income, and Salary Projection report) to the Department of Finance and Administration-Office of Budget. The approved plan will be uploaded to the Arkansas Administrative Statewide Information System (AASIS).

For those agencies funded from the Educational Excellence Trust Fund and the Workforce 2000 Development Fund, distribution of funds may change after initial budgets are established effective July 1, 2015 pursuant to A.C.A. §6-5-301. These agencies should spend funds cautiously until final funding levels are determined.

A.C.A. §19-5-202 through A.C.A. §19-5-205 requires agencies funded from the State Central Services Fund and the Constitutional Officers Fund to estimate their expenditures and commitments for the upcoming fiscal year. The State Central Services Fund will continue to require the additional .2% deduction from general and special revenues in fiscal year 2016. All agencies preparing Annual Operations Plans with funding from the State Central Services Fund should budget cautiously until funding levels have recovered.

For those agencies funded from the Miscellaneous Agencies Fund, the budget analyst will provide the funding level for the 2016 Annual Operations Plan (AOP) as soon as possible after the issuance of the Official Forecast of General Revenue Available for Distribution to Agencies.

Programs funded from Administration of Justice Funds are projected to be funded at 65% this biennium. Budgets and income certifications should reflect this level of funding until revenues support increased distributions.

<p><b>ATTENTION: For fiscal year 2016, AOP salaries have been projected with a 1% cost of living adjustment (COLA). Funds for general revenue agencies will be provided from the Merit Adjustment Fund. The budget analyst will provide the allowable amount for income certifications.</b></p>
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The following laws require special attention when preparing the fiscal year 2016 Annual Operations Plan:

- Act 1007 of 2015 amended the Uniform Classification and Compensation Act of the State of Arkansas. This act provides a compensation plan for the setting of salaries and salary increases for all positions in state agencies, boards, commissions and institutions.
- The merit increase pay system as provided under A.C.A. §21-5-1001 et seq. for employees of all state agencies, boards, commissions as well as classified positions in the institutions of higher education was continued. Upon completion of the employee's annual evaluation and certification by the Chief Fiscal Officer of the State that sufficient general revenue funds are available to implement the merit increase pay system, eligible employees can receive lump sum bonus payments of up to 4.5% in the last pay period of the fiscal year. **These payments are intended to be funded by salary savings and should not be budgeted.** Further information will be provided on this process by the Department of Finance and Administration – Office of Personnel Management.
- A.C.A. §19-5-206 requires a 1.5% charge against certain agencies from cash funds as defined under A.C.A. §19-4-801. **(See page 15 for detailed instructions)**
- A.C.A. §25-16-903 through A.C.A. §25-16-905, as amended, provides authorization and restrictions regarding stipends and expense reimbursements for members of boards and commissions. In accordance with the United States Internal Revenue Code (IRC), 2001-Code-Vol, Sec 3401 and Treasury Regulations §31.3401(c)-1(a) and §1.1402(c)-2(b), persons receiving stipends shall be considered as a state employee for issuance of W-2 forms. Board members are authorized to receive stipend payments per day for each meeting, examination, evaluation or inspection attended or for any day while performing any proper business of the board. The board must vote during its first regularly scheduled meeting of each calendar year to authorize payment to its members.
- A.C.A. §21-12-502 requires notification by agencies to the Legislative Council and to the Department of Finance and Administration - Office of Personnel Management of plans to implement layoffs of state employees due to privatization of programs.
- A.C.A. §21-4-501 allows for the payment of accrued sick leave for retiring employees. While it is difficult to budget for this unknown event, agencies are cautioned about the fiscal impact of this statutory requirement.
- A.C.A. §19-4-2201 requires Legislative Council or Joint Budget Committee review of certain discretionary grants awarded by state agencies.
- A.C.A. §24-2-701(C)(3) allows the Board of Trustees of the Arkansas Public Employees Retirement System to establish employer contributions each year. **The state employee retirement rate has been set at 14.50% for fiscal year 2016.**
- A.C.A. §24-4-202 and A.C.A. §24-4-802 require employers in the Arkansas Public Employees' Retirement System to make contributions for **both active and retired members** who have returned to work.

- A.C.A. §19-6-701(b) allows federal reimbursements of expenses paid in advance by a state agency on behalf of the federal government as a refund to expenditure to allow for the restoration of appropriation.
- A.C.A. §19-4-904(b) allows for personal reimbursement to state employees for payment of tips when traveling on state business. Tip reimbursement shall not exceed 15% of the meal amount expended. The total reimbursement for meals and tips shall not exceed the maximum rates prescribed by the Arkansas Financial Management Guide.
- A.C.A. §25-15-105 provides that an agency shall not assess a fee or penalty without specific statutory authority to: assess a certain type and amount of fee or penalty; or impose a fee or penalty in general.
- A.C.A. §19-11-1208 allows Debt Service on equipment or measures required by a guaranteed energy cost savings contract executed under the Guaranteed Energy Cost Savings Act (A.C.A. §19-11-1201) to be paid from Maintenance and Operations appropriations.
- A.C.A. §22-8-206(e)(2) authorizes the transfer of appropriation or funds from the Motor Vehicle Acquisition Revolving Fund for vehicle purchases to include applicable local sales and use taxes. This appropriation will no longer be required to be budgeted from the Agency's enacted allocation.
- Act 370 of 2015 requires each state agency by the twentieth (20<sup>th</sup>) of each month to provide a report to the Bureau of Legislative Research containing certain personnel data as of the last day of the previous month.
- Act 557 of 2015 amends A.C.A. 19-11-249 to require DFA – Office of State Procurement to report purchases made through cooperative contracts, and to require agencies submit quarterly and end of project vendor performance reports for contracts that have a total projected contract amount, including any amendments and possible extensions, of \$25,000 or more. The Act also amends A.C.A. §19-11-265 to require technical and general service contracts with a total projected contract amount, including all amendments and possible extensions, between \$25,000 and \$100,000 to be reported by agencies, and contracts of \$100,000 or more to be reviewed by the Legislative Council prior to contract execution. Additionally, the Act amends A.C.A. §19-11-1006 to include reporting of professional and consultant service contracts if the total projected contract amount, including any amendments and possible extensions, is between \$10,000 and less than \$50,000, and requires Legislative Council review for contracts of \$50,000 or more. Lastly, the Act require agencies to submit documentation to the DFA – Office of Intergovernmental Services regarding IT purchases with a total projected contract amount, including any amendments and possible extensions, of \$100,000 or more. This will also include IT product and service purchases made from cooperative contracts. Additional information will be sent out by OSP regarding implementation guidelines. The effective date of these provisions is August 1, 2015.

## DEFINITIONS

- **ANNUAL OPERATIONS PLAN:** A program prepared by an agency containing the proposed expenditures and anticipated resources for the ensuing fiscal year as required by A.C.A. §19-4-607.
- **FUNDS CENTER:** An appropriation granted by the General Assembly to make expenditures and incur obligations, **IF FUNDS ARE AVAILABLE**, for specific purposes.
- **BLOCKED:** The portion of an appropriation, which cannot be budgeted by an agency due to insufficient revenue or other budgetary restraints. Also referred to as deferment.

## INFORMATION TECHNOLOGY PLANS

Budgets for fiscal year 2016 should be developed in compliance with the agency's technology plan. DFA IGS State Technology Planning will continue to assist agencies during the 2016 Annual Operations Plan process. For assistance please call 682-1074.

## **ANNUAL OPERATIONS PLAN**

All agencies will utilize the Planning Budgeting and Administrative System (PBAS) to prepare the Annual Operations Plan. PBAS is an automated system designed to enable agencies to develop a budget according to the General Accounting and Budgetary Procedures Law.

**The Office of Budget requires a letter signed by the Agency Director indicating knowledge and approval of the final Annual Operations Plan.**

The salary projection process is a component of PBAS and is designed to allow agencies online flexibility for changing information relating to positions. Personal services matching is automatically calculated for corresponding salary data and posted to the correct cost element, cost center, funds center and fund.

**NOTE:** A.C.A. §21-5-414 requires a monthly contribution to the State Employees Insurance program based on the number of positions budgeted within a funds center. The Personal Services Matching commitment item has been automated to calculate insurance amounts. Agencies are cautioned against changing this automated calculation as it could result in insufficient appropriation/funding to pay insurance invoices while remaining responsible for this obligation. The agency contribution for fiscal year 2016 will be **\$420** per month for each budgeted position.

**The Office of Budget requires a letter of explanation signed by the Agency Director or Fiscal Officer for any positions budgeted for less than 12 months.**

Reporting is provided through the Planning Budgeting and Administrative System. Agencies can view reports online or may generate paper copies of reports as required. One copy of the required budget reports is routed to the Office of Budget, which with other required documents, signifies completion of the Annual Operations Plan. The Office of Budget will review and approve final forms and forward the documents to the Office of Accounting for final processing. The AASIS Support Center has prepared tutorials for agencies to use to produce reports. Analysts in the Office of Budget are available to advise and assist as necessary.

Agencies that do not have system access to PBAS will coordinate budget development with the budget analyst assigned to the agency.

The final Annual Operations Plan will be uploaded to AASIS in a detailed plan for fiscal year 2016 and integrated into the AASIS data for implementation of the 2016 budget.

**ATTENTION: When preparing your Annual Operations Plan for FY16, please keep in mind that purchase orders created in FY15 with balances remaining on June 30 will be brought forward into FY16. This can only occur if your AOP has sufficient budget available for the same fund, funds center and commitment item combination.**

## PREPARATION OF QUARTERLY ALLOTMENTS

The Office of Budget will advise each agency of its General Revenue funding level. The agency determines the amount of any Special or Other Revenues to be received for the 2016 fiscal year and prepares quarterly budget allotments that correspond to availability of funding. Quarterly Allotments must be based on the financial requirements for the agency's spending for the fiscal year and may not exceed available funding. **Budgeted amounts may not exceed anticipated revenues as indicated on the Certification(s) of Income form. Completion of Certification(s) of Income forms is required for all budgeted appropriations, including General Revenue funded appropriations.** Further, Certification(s) of Income forms must include funding for "estimated" carry forward balances as may be authorized by law.

## ADMINISTRATION OF ANNUAL OPERATIONS PLANS

Any time during the fiscal year that changes to the Annual Operations Plan result in an increase or decrease in the appropriation and/or funding allocated for expenditure, corresponding adjustments to the Annual Operations Plan must be made in the detailed plan in AASIS. Revised Certification(s) of Income forms must be submitted as changes occur to accurately document income and operating budget totals.

## ADMINISTRATION OF PAY PLAN

The pay plan will be implemented for fiscal year 2016 pursuant to instructions from Department of Finance and Administration-Office of Personnel Management. Upon certification by the Chief Fiscal Officer of the State that sufficient general revenue funds are available to implement the merit increase pay system, eligible employees can receive merit pay lump sum bonus payments in the last pay period of fiscal year 2016. The Regular Salaries and Personal Services Matching budget should be based on the Salary Projection report. Report totals should correspond to monthly amounts in PBAS. Numbers of positions budgeted may not exceed the Personnel CAP restriction established for Executive Branch agencies. **Requests for CAP increases should be submitted to the Office of Budget no later than May 1, 2015, to provide sufficient time for review prior to completion of the Salary Projection report.** Approval of increases to CAP levels will only be considered upon presentation of **strong justification**.

Regular Salary budgets prepared for the Annual Operations Plan for fiscal year 2016 in PBAS reflect the employees' salary as of March 17, 2015 with a 1% cost of living adjustment.

If agencies require additional appropriation to implement the payroll, or for other personnel related actions, the Request for Salary and/or Personal Services Matching form must be submitted.

## REQUIRED DOCUMENTS

**The following original forms with signatures must be submitted with the Annual Operations Plan:**

- Director approval letter. A letter signed by the Agency Director indicating knowledge and approval of the final Annual Operations Plan.
- Letter from Agency Director or Fiscal Officer explaining why positions have been budgeted for less than 12 months.
- Certification(s) of Income (Report completed & printed from PBAS and signed)
- Budget Classification Transfers (If applicable)
- Fiscal Monitoring Procedures (Report completed & printed from PBAS and signed)

\* If a Department is subdivided into semi-autonomous agencies, then Division Directors should also sign or initial these forms.

**The following forms must also be submitted with the Annual Operations Plan. These forms do not require signatures.**

- Request for additional Salary and/or Personal Services Appropriation (If applicable – report printed from PBAS)
- State Agency Publications (Report completed & printed from PBAS)

**The following final reports must also be submitted with the Annual Operations Plan:**

- Annual Salary Projection
- Career Service Projection
- Annual Commitment Item Summary
- Annual Funds Center Totals by Cost Center
- Annual Funds Center Worksheet
- Annual Quarterly Worksheet

**PLEASE NOTE:** When preparing the fiscal year 2016 Annual Operations Plan, attention should be paid to the Governor's Executive Order 98-04 as well as A.C.A. §21-1-401 through A.C.A. §21-1-408 requiring state agencies to publicly disclose when they do business with statewide constitutional officers, legislators, state employees or their immediate family members. The Department of Finance & Administration-Office of Internal Audit (682-0370) may be contacted for further information on the implementation of this Executive Order.

**SUGGESTION:** Prior to making changes in PBAS to positions and operating data, print out the Salary Projection, Career Service and Annual Funds Center Total by Cost Center/WBS Element reports. Mark-up these reports with any changes that need to be made and then log-on to PBAS and enter the changes. The Funds Center Worksheet report can be viewed online or printed to compare authorized vs plan at the commitment item level. Agencies that do not have system access to PBAS will coordinate entry of their plan data with the budget analyst assigned to assist the agency.

# SALARY BUDGETS

The Annual Salary Projection report is provided by the Office of Budget to assist agencies in budgeting salaries for fiscal year 2016. The final version of this report must be returned to the Office of Budget with the Annual Operations Plan.

The Annual Salary Projection report is in accordance with the pay plan implementation policy of the Chief Fiscal Officer of the State (A.C.A. §21-5-202 et. seq.). The following conditions are reflected in the report:

- This report is based on payroll information as of **March 17, 2015** for positions authorized for fiscal year 2016. The report reflects the pay schedules contained in A.C.A. §21-5-209.
- Salaries for positions reflect a 1% cost of living adjustment (COLA) for fiscal year 2016.
- The salary for vacant classified positions is calculated at the Entry or Base amounts as authorized in the pay plan schedules in A.C.A. §21-5-209. Vacant unclassified positions reflect the maximum amount in the agency's 2016 appropriation act.
- In accordance with A.C.A. §21-5-214, an employee's salary cannot exceed the Career or Maximum pay levels as authorized in the pay plan schedules provided in A.C.A. §21-5-209. Amounts above these levels will be paid as a lump sum at the end of the 2016 fiscal year in accordance with provisions provided in A.C.A. §21-5-211. These lump sum payments are not included in the Annual Salary Projection report but can be added to the Non Position Planning Screen by using cost element 5010002020.
- Used Class Code reflects the classification that the employee is currently being paid. Authorized Class Code and Pay Grade is the Class/Grade cited in the agency's 2016 appropriation act or in the Uniform Classification and Compensation Act 1007 of 2015.
- Maximum Hourly Rate is the employee's hourly rate of pay as of **March 17, 2015**. New Hourly Rate is the hourly rate of pay the employee will be eligible for on July 1, 2015.
- An asterisk (\*) by the employee name indicates the person occupying that position is in the Deferred Retirement Option Plan (DROP) or a rehired retiree. **In accordance with A.C.A. §24-4-402 and A.C.A. §24-4-802, retirement matching amounts WILL be calculated on these employee's salaries.**
- Extra Help positions are not included in the Annual Salary Projection report. However, these positions can be viewed in PBAS on the Position Planning Screen. Agencies should check the Extra Help box to retrieve these positions. Agencies that do not have system access to PBAS can contact the budget analyst assigned to the agency to provide a listing of the positions.

## PERSONNEL CAP RESTRICTIONS

Agencies operating within the Executive Branch will not be allowed to budget more positions than they are authorized by the Personnel CAP Restriction Policy. CAP levels have been established for this purpose.

CAP levels reflect the maximum number of positions an agency anticipates having filled at any one time during the fiscal year. Annual Operations Plans should be prepared according to agency needs. Agencies may request an increase in the CAP level by submitting a letter including a **strong justification** to the Administrator of the Office of Budget. **Agencies should submit this request no later than May 1, 2015 in order for a CAP level to be established PRIOR to the deadline for submission of the Annual Operations Plan.**

## CAREER SERVICE RECOGNITION PAYMENTS

State Employees with more than ten (10) years service in State Government are eligible for a career service recognition payment as authorized in A.C.A. §21-5-106 up to a maximum of \$900.00 for twenty-five (25) or more years service. Employees who work part-time in regular salary positions may receive annual career service recognition payments on a pro-rata basis. For fiscal year 2016, appropriation for anticipated career service recognition payments is included in the Regular Salaries line item of agencies appropriation acts.

The cost of career service recognition payments has not been included in the Annual Salary Projection report. However, the Office of Budget has produced a separate Career Service report. This report is in accordance with the career service implementation policy of the Chief Fiscal Officer of the State (A.C.A. §21-5-106). This report will be produced before salaries are distributed and will reflect the career service payment amount in the month it is due. When Regular Salaries are distributed, the Career Service amounts are also distributed. **The career service amount has been loaded in Commitment Item 501:00:00 (Regular Salaries) and cost element 5010001010. Corresponding matching amounts have been calculated for career service payments.**

## **STIPEND PAYMENTS**

Stipend payments for members of boards and commissions in A.C.A. §25-16-903 through A.C.A. §25-16-905, as amended, should continue to be paid from Commitment Item 501:00:00 (Regular Salaries). This change allows the State to produce W-2 forms for persons receiving a stipend payment. Special language in Sections 73 & 74 of Act 1070 of 2015 provides the Chief Fiscal Officer of the State the authority to create positions as well as salary and personal services matching appropriation as may be necessary for state agencies to comply with the United States Internal Revenue Code. Positions created by this language are not eligible for state retirement or state health insurance. The Office of Personnel Management will continue to provide agencies with necessary guidance and procedures.

**NOTE: When preparing the Annual Operations Plan, stipend payments are reflected in Commitment Item 501:00:00 (Regular Salaries) and cost element 5010001900. Corresponding matching amounts (FICA matching) will be calculated for the stipend payments. Initial stipend payment amounts have been copied from the Fiscal PBAS budget system to the FY16 Annual Operations Plan. Agencies should review the information and make any necessary adjustments. Agencies that do not have system access to PBAS will need to coordinate entry of any changes with the budget analyst assigned to assist the agency.**

## **REQUEST FOR ADDITIONAL SALARY AND/OR PERSONAL SERVICES APPROPRIATION**

Section 2 of Act 1070 of 2015 provides supplemental appropriation to address unforeseen appropriation needs of state agencies in administering the personnel actions of the 90th General Assembly. Agencies will use the Request for Salary and/or Personal Services Matching Appropriation report to request additional appropriation for Regular Salaries, Career Service Recognition Payments, and Personal Services Matching line items for these and other applicable items.

Section 2 of Act 1070 of 2015 provides supplemental appropriation for state agencies for stipend payments as provided in A.C.A. §25-16-903 through A.C.A. §25-16-905, as amended. Agencies may request additional appropriation for stipend payments for Regular Salaries and Personal Services Matching line items as evidenced by their Annual Operations Plan.

**NOTE: Generally, the additional appropriation authorized by the above provisions will not be transferred to “current” allotment until the 4th Quarter and then only after appropriation resulting from salary and match savings has been evaluated to determine actual need.**

The initial Request for Salary and/or Personal Services Matching form has been automated in PBAS. Since budget validation can only be done by the Office of Budget, agencies will need to coordinate with their budget analyst to complete this form. If applicable, agencies must print the form from PBAS and submit with the Annual Operations Plan. A footnote should be added in PBAS to justify the anticipated need for the additional salary and/or personal services appropriation.

The following page is an example of the Request for Salary and/or Personal Services Matching Appropriation report produced from PBAS.

**REQUEST FOR SALARY and/or  
PERSONAL SERVICES MATCHING APPROPRIATION  
Fiscal Year 2016**

Agency 0510 - SCHOOL FOR THE BLIND

<u>Fund</u>	<u>Funds Center</u>	<u>Commitment Item</u>	<u>Additional Appropriation</u>
FEC0600	077	5010000	300
FEC1000	077	5010000	5,300
FEC1000	077	5010003	750
FEC0600	077	5010003	23

Additional appropriation is needed in regular salaries and personal services matching due to current employee salary adjustments that occurred during fiscal year 2015.

Total 6,373

Agency No. 0510

# DETAIL PLAN INSTRUCTIONS

## GENERAL INFORMATION

All agencies, (except the Highway and Transportation Department, Game and Fish Commission, DFA-Lottery Commission, Constitutional Offices with appropriations included in the General Appropriation Bill, and Institutions of Higher Education), **must** prepare and submit detail plans (budgets) as a part of their Annual Operations Plan. Minimum requirements are that detail plans must be prepared for all treasury and cash appropriations by commitment item, except construction, at the cost center level. **(Amounts are reflected in whole dollars.)**

## DETAIL PLANS MUST BE SUBMITTED TO THE OFFICE OF BUDGET BY MAY 22, 2015

The Office of Budget will assist agencies in preparation of detail plans as necessary. Except for the agencies mentioned above, all agencies will be using the Planning Budgeting and Administrative System (PBAS). Agencies that do not have system access to PBAS will coordinate entry of their plan data with the budget analyst assigned to the agency.

Prior to submitting final documents, agencies are encouraged to review the fiscal year 2016 Annual Operations Plan Checklist on pages 13 and 14 of this document. Submission of the Annual Operations Plan after **May 22, 2015** will jeopardize a timely submission of the agency's Biennial budget as well as the transfer of this data from PBAS to AASIS.

## PREPARATION OF THE DETAIL PLAN

Initially, the non-personnel Detail Plan that has been loaded into PBAS represents the agency's 2015-2016 budget for non-personnel items. Amounts have been extracted from the Fiscal PBAS budget system for cost centers, funds, funds centers, commitment items, and cost elements. Personnel and position data was extracted from AASIS as of **March 17, 2015** and used to project salary costs.

# ANNUAL OPERATIONS PLAN CHECKLIST FISCAL YEAR 2016

## IMPORTANT DATES:

March 17, 2015	Personnel information extracted from AASIS
April 20, 2015	Annual Operations Plan Packets distributed to agencies
May 1, 2015	Requests for changes in Personnel CAP due to the Office of Budget
May 1, 2015	PEER Items <b>WITH POSITIONS</b> submitted to the Office of Budget for presentation to the June PEER meeting of Legislative Council
May 8, 2015	<b>ALL OTHER</b> PEER Items submitted to the Office of Budget for presentation to the June PEER meeting of Legislative Council
May 22, 2015	Final Annual Operations Plan due to the Office of Budget
July 1, 2015	Start of fiscal year 2016

## AGENCY ANNUAL OPERATIONS PLAN COMPONENTS: (Required)

- Salary Projection report
- Career Service Projection report
- Annual Quarterly Worksheet
- Annual Funds Center Worksheet
- Annual Funds Center Totals by Cost Center
- Annual Commitment Item Summary
- Agency Director Approval Letter (Requires signature)
- Letter from Agency Director or Fiscal Officer explaining why positions have been budgeted for less than 12 months (Requires signature)
- Certification(s) of Income reports (Requires signature) for all funds centers including those funded by general revenue, equal to or greater than the AOP budget (including certification for funds centers with carry forward authority)
- Fiscal Monitoring report (Requires signature)
- Budget Classification Transfer forms needed to bring appropriation up to budgeted levels (If applicable)
- Forms requesting additional Salary and/or Personal Services Matching appropriation (If applicable - report produced from PBAS)
- Agency Publication Listing report

## **SALARY PROJECTION REPORT:**

- Total number of budgeted positions does not exceed CAP or limits authorized by law.
- Total number of budgeted positions is reflected in insurance amounts.
- Budgeted amounts (cost element 5010001000) correspond to totals on the Salary Projection report.
- Career Service Recognition Payments are budgeted separately (cost element 5010001010).
- Lump Sum Payments may be budgeted separately (cost element 5010002020).
- Total salary budget is within funding guidelines.

## **DETAIL BUDGETS:**

- Fiscal year totals for agencies should not exceed amounts authorized in agency acts unless accompanied by a Budget Classification Transfer request, a Miscellaneous Federal Grant request, Cash Increase Request or a Request for Additional Salary and/or Personal Services Matching Appropriation.
- Appropriations funded from General Revenues/Miscellaneous Agencies Fund should be distributed on a quarterly basis and should not exceed anticipated funding distribution and Certification(s) of Income.
- The 1.5% Service Charge for cash funds as required by A.C.A. §19-5-206 is budgeted. **(See page 15 for detailed instructions)**

## **CASH FUND SERVICE CHARGE COMPLIANCE**

A.C.A. §19-5-206 requires a 1.5% charge against certain agencies receiving cash funds as defined by A.C.A. §19-4-801(1). Those agencies defined in A.C.A. §19-5-206 that are authorized a cash appropriation for the operation of their agency or subsequently receive cash funds from any source, and the funds are held outside the State Treasury should continue to pay the 1.5% service charge. Cash funds temporarily deposited in the State Treasury for payroll purposes ("P" funds) will also continue to pay the service charge. Cash funds deposited in the State Treasury as cash in treasury funds ("N" funds) will not be required to pay the 1.5%.

# INSTRUCTIONS FOR COMPLETING THE ANNUAL QUARTERLY WORKSHEET

**All agencies** (Excluding Highway and Transportation Department, Game and Fish Commission, DFA – Lottery Commission, Constitutional Offices, Institutions of Higher Education, Retirement Systems, and Cash Funded Boards and Commissions) **MUST USE THE ALLOTMENT PROCESS.**

The Annual Quarterly Worksheet will be produced by PBAS, and all totals from the system will post by quarter to the Funds Center/Fund/Commitment Item in which a budget was entered. If required, adjustments will be made through the Agency Validation process by the Office of Budget.

(For Example: If an agency requests a Budget Classification Transfer from Operating Expenses to Capital Outlay, the detail budget would reflect the budget as if the transfer was approved. These amounts post upward to the Annual Quarterly Worksheet. This transfer causes the budget to exceed the authorized appropriation for Capital Outlay. Through the Agency Validation process, the amount for Capital Outlay would be reduced to the authorized amount.

The following page is an example of the Annual Quarterly Worksheet report produced from PBAS.

**ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM**

**Annual Quarterly Worksheet**

Fiscal Year 2016  
 Business Area Title SCHOOL FOR THE BLIND  
 Business Area Code 0510  
 Funds Center Title Blind School-Federal Operations  
 Funds Center Code 077  
 Commitment Item title Regular Salaries  
 Commitment Item Code 5010000  
 Version 1A

Fund Center		Commitment Item		Total	Authorized	Blocked
077	Blind School-Federal Operations	5010000	Regular Salaries	495,204.00	653,175.00	157,971.00

Fund	Fund Title	1st Qtr Allotment	2nd Qtr Allotment	3rd Qtr Allotment	4th Qtr Allotment	Total Allotment
FEC0200	Blnd Sch-Area Srv-PS	355,135.00	0.00	0.00	0.00	355,135.00
FEC0400	Blind Sch-Chapter II	0.00	0.00	0.00	0.00	0.00
FEC0600	Bld Sch-6B Pass-Through	43,051.00	0.00	0.00	0.00	43,051.00
FEC1000	Fed Deaf/Blind Operating	97,018.00	0.00	0.00	0.00	97,018.00
<b>Grand Total</b>		<b>495,204.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>495,204.00</b>

# INSTRUCTIONS FOR COMPLETING THE ANNUAL FUNDS CENTER WORKSHEET

The Annual Funds Center Worksheet is a summary of authorized appropriation amounts, blocked amounts and budget by Commitment Item for each funds center authorized for an agency. If an agency allocates its appropriation, the quarterly totals will equal those amounts entered on the Annual Quarterly Worksheet through an automatic posting to the Annual Funds Center Worksheet. **EVEN THOUGH THIS PROCESS IS AUTOMATED, AGENCIES ARE ENCOURAGED TO CHECK ALL AMOUNTS FOR ACCURACY.**

**QUARTERLY ALLOTMENT** - This is the budget by Commitment Item needed to meet quarterly requirements. The purchase of capital items should be scheduled for the quarter following the greatest revenue collection. Agencies supported by General Revenues should budget capital expenditures during the fourth quarter. Also, agencies using commitments should allot funds in the quarter that the commitment is made instead of the quarter of actual expenditure.

The sum of the quarterly allotments by Commitment Item, plus the blocked amount, will equal the total Commitment Item amount authorized. **All cash and federal appropriations will be budgeted in the first quarter.**

**BLOCKED** – This amount will automatically calculate by Commitment Item the amount of appropriation not budgeted for FY16.

The following page is an example of the Annual Funds Center Worksheet report produced from PBAS.

## ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM

### Funds Center Worksheet

Fiscal Year 2016  
 Business Area Title SCHOOL FOR THE BLIND  
 Business Area 0510  
 Funds Center Title Blind School-Federal Operations  
 Funds Center Code 077  
 Fund Title Blind Sch Fed,Blnd Sch-Area Srv-PS,Carl Perkins,Blind Sch-Chapter II,Bld Sch-6B Pass-Through,Fed Deaf/Blind Operating  
 Fund FEC0000,FEC0200,FEC0300,FEC0400,FEC0600,FEC1000  
 Version 1A

Authorization	Commitment Item	Authorized	Blocked	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Act 639 OF 15	Regular Salaries 5010000	653,175.00	157,971.00	495,204.00	0.00	0.00	0.00	495,204.00
	Extra Help 5010001	15,000.00	15,000.00	0.00	0.00	0.00	0.00	0.00
	Personal Serv Match 5010003	183,939.00	3.00	183,936.00	0.00	0.00	0.00	183,936.00
	Operating Expenses 5020002	161,050.00	0.00	161,050.00	0.00	0.00	0.00	161,050.00
	Travel-Conferences 5050009	53,382.00	0.00	53,382.00	0.00	0.00	0.00	53,382.00
	Prof. Fees & Serv. 5060010	116,432.00	0.00	116,432.00	0.00	0.00	0.00	116,432.00
	Capital Outlay 5120011	100,000.00	0.00	100,000.00	0.00	0.00	0.00	100,000.00
<b>Total</b>		<b>1,282,978.00</b>	<b>172,974.00</b>	<b>1,110,004.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,110,004.00</b>

## CERTIFICATION OF INCOME

The Office of Budget maintains a record of certified funding sources for agency appropriations. Agencies must submit a Certification of Income report (example attached) for appropriations funded from all sources **including General Revenue**. This certification is the linchpin for preparation of the Annual Operations Plan. Appropriation can **only** be budgeted if there is sufficient revenue anticipated to fund expenditures. The Certification of Income form includes language that indicates the significance of the information provided by the Agency. **The Operating Budget Total box on the form reflects the actual operating budget for each corresponding funds center so that funding equals or exceeds the AOP budgeted amounts.** Any changes made to funding or available appropriation subsequent to the original Annual Operations Plan **requires** submission of a revised Certification of Income form to insure deficit spending does not occur. **Appropriations must remain blocked to the extent they exceed certified income and/or available revenue.**

**The initial Certification of Income form has been automated in PBAS. Agencies that do not have system access to PBAS will coordinate entry of estimated amounts of income with the budget analyst assigned to assist the agency. Agencies must print the report from PBAS, sign and submit with Annual Operations Plan.**

### CARRY FORWARD AUTHORITY

Where law permits, estimated funding to be carried forward on June 30 to the new fiscal year and included in the Annual Operations Plan must be included in Certification(s) of Income. The actual carry forward amounts will be verified by the Office of Budget and appropriate budget adjustments will be processed during the first week of the new fiscal year. **The Agency must submit revised Certification of Income forms to reflect the actual amount of carry forward funding as soon as possible after the beginning of the fiscal year.**

### FISCAL YEAR REVISIONS

Agencies may revise Certification(s) of Income at any time during the fiscal year to facilitate program commitments or increase/decrease revenue projections and resulting financial obligations of the agency. Revisions require corresponding adjustment to the organizational budget recorded in the Arkansas Administrative Statewide Information System (AASIS). **The Agency Director and Fiscal Officer are responsible for the amounts budgeted and certified and therefore, are required to sign all Certification of Income forms. Certification of Income forms for revisions during the fiscal year can be obtained from the Office of Budget website.**

\* If a Department is subdivided into semi-autonomous agencies, then Division Directors should also sign or initial these forms.

# CERTIFICATION OF INCOME

## 2016 Fiscal Year

BUSINESS AREA 0510 SCHOOL FOR THE BLIND

FUNDS CENTER TITLE 077 Blind School-Fed Operations

FUND TITLE FEC Blind School Federal

We have reviewed and certify that our agency expects to receive the anticipated revenues reflected herein to fund this appropriation. The agency will monitor these funds during the course of the year and if at any time it appears that these funds will not be received or additional funds become available, we will file an amended form and make appropriate budgetary adjustments.

In the following section please detail by funding source the revenue components your agency expects to receive. If there are multiple sources for any category, please attach a worksheet that details each separate revenue source.

<b>Funding Sources</b>	<b>Description</b>	<b>Estimated Amount</b>
Fund Balance		
Special Revenues		
Federal Revenues	Carl Perkins; Pass-Through Federal Dollars	1,450,000
Revolving Funds		
Cash Funds		
General Revenue (*)		
Merit Adjustment (**)		
Other	Fees from School Activities	50,000
<b>TOTAL FUNDING</b>		<b>1,500,000</b>
<b>ANNUAL OPERATIONS PLAN</b>		<b>1,110,004</b>

*§ 19- 1-611. Civil penalty. If the public officer or employee is found by the court to have knowingly violated the fiscal responsibility and management laws, the court shall impose a civil penalty upon the public officer or employee of not less than one hundred dollars (\$100), nor more than one thousand dollars (\$1,000) for each violation, and may subject the public officer or employee to the payment of damages resulting as a direct consequence of any violation.*

\_\_\_\_\_  
AGENCY FISCAL OFFICER \_\_\_\_\_  
DATE

\_\_\_\_\_  
AGENCY DIRECTOR \_\_\_\_\_  
DATE

(\*) General Revenue Funding in accordance with the Official Revenue Forecast of Net Available General Revenue for Distribution.

(\*\*) Merit Adjustment Funding will be available in 4th Quarter only if salary savings are insufficient to cover allocations.

## BUDGET CLASSIFICATION TRANSFERS

The Maintenance and General Operation (M&O) line item is divided into five (5) classifications as discussed below. A.C.A. §19-4-522 allows transfers between certain M&O classifications. Agencies may request a modification in the various M&O classifications as long as the total authorized appropriation is not exceeded and the classifications are authorized in the appropriation act. **However, no transfer shall be made from Capital Outlay unless specific authority for such transfer is provided by law. No transfer shall be made between appropriations unless specific authority for such a transfer is provided by law.**

Agencies are required to submit transfer requests to the Legislative PEER Committee for review when **EACH** Maintenance and General Operation commitment item is affected by the 5% or \$2,500 transfer limit within a fiscal year. The Office of Budget will assist agencies in determining if a Budget Classification Transfer must be reviewed by the PEER Committee. **A THOUGHTFUL AND CAREFUL REVIEW OF THE AGENCY'S NEEDS DURING DEVELOPMENT OF THE ANNUAL OPERATIONS PLAN SHOULD MINIMIZE THE NEED FOR SUBMITTING TRANSFER REQUESTS DURING THE 2016 FISCAL YEAR.** However, if a transfer is needed anytime after July 1, 2015, contact the Office of Budget at 682-1941 to determine the monthly deadline for submitting requests for PEER Committee consideration.

The following briefly identifies some restrictions for the various classifications:

- **OPERATING EXPENSES:** (Commitment Item 502:00:02) Includes postage, telephone, printing, motor vehicle expenses, repairs, maintenance contracts, utilities, insurance, supplies, equipment not capitalized, travel, subsistence, meals, lodging, transportation of State employees, officials, and non-state employees traveling on official business. **All reimbursable costs associated with meetings and travel for board members or commissioners of State Boards and Commissions should be budgeted from this classification. Professional Services Contracts as defined in A.C.A. §19-11-203(27) and that are for technical and general services should be paid from this classification. These services are provided by individuals where performance is evaluated based upon the quality of the work and results produced. Special skills or extensive training is not required. Examples include janitorial service, guard service, transport service, actuary service, certain repair services, lawn care services, Nursing and Therapy services, court reporting services, interpreter services, computer & technology services or waste disposal services. Debt Service on equipment or measures required by a guaranteed energy cost savings contract should be paid from this classification. Stipend payments authorized in A.C.A. §25-16-903 through A.C.A. §25-16-905, as amended, should be paid from cost element 50100019000 and Commitment Item 501:00:00.**
- **CONFERENCE AND TRAVEL EXPENSES:** (Commitment Item 505:00:09) This classification is limited to the costs of an employee attending a conference, seminar or training program. All costs of State hosted or sponsored conferences, seminars and training programs are paid from the Conference and Travel Expenses classification.

- **PROFESSIONAL FEES:** (Commitment Item 506:00:10). All Professional Fees as defined in A.C.A.§19-11-1001(5) et seq., regardless of dollar amount, should be budgeted in and paid from the Professional Fees classification. Honorarium costs are included in this classification. **This contract includes services provided by members of a recognized profession and generally includes advice, counsel or direct assistance. The agency has no direct managerial control over the day-to-day activities of the contractor providing the service. Examples include attorneys, architects, accountants, engineers, physicians and technology experts.**
- **CAPITAL OUTLAY:** (Commitment Item 512:00:11). This classification includes purchase of land, buildings, equipment, furniture, fixtures, and contractual agreements that are capitalized. **The capitalization threshold for assets is \$5,000. All capital leases should be budgeted under Capital Outlay. If current leases are determined to be capital leases, the property should be capitalized and placed in inventory and tagged immediately.**
- **DATA PROCESSING:** (Commitment Item 509:00:12). The Data Processing classification is no longer available.

Agencies should contact the Department of Finance and Administration - Office of Accounting, 682-1675, for questions relating to classification of expenditures.

If an agency determines a **Budget Classification Transfer (BCT)** is required for the completion of the Fiscal Year 2016 Annual Operations Plan, the computer generated Detail Budget should be completed as the agency intends to expend the funds. (The Detail Budget should reflect the effect of the BCT. However, the Agency Validation should be reduced by a corresponding amount pending approval of the Chief Fiscal Officer of the State and review by the Legislative Council.) The BCT form must be sent to the Office of Budget with the Annual Operations Plan to balance the detail budget to amounts on the Agency Validation layout when final submission is complete.

The Actual Expenditures column on the BCT form should be completed for each commitment item for which there were expenditures in fiscal year 2015. For BCT requests submitted with the Annual Operations Plan prior to June 30, 2015, use year-to-date total expenditures through April 30, 2015. For BCT requests submitted after July 1, 2015, use June 30, 2015 final expenditures.

**PLEASE NOTE:** If the BCT is requested to accommodate part of an agency's Information Technology (IT) Plan (this could include hardware, software, training, or contract services), the request will be routed by the Office of Budget to DFA IGA State Technology Planning for compliance review and a signature. The "Reason for Transfer" statement must include the location (major agency application, support or project) and location number in the agency's IT Plan referencing the requested transfer item.

Please contact your budget analyst at 682-1941 for additional information or assistance. The form can be downloaded from the Office of Budget website (an example follows).

**ARKANSAS ADMINISTRATION STATEWIDE INFORMATION SYSTEM  
REQUEST FOR BUDGET CLASSIFICATION TRANSFERS (BCT)  
FY2016**

Business Area: \_\_\_\_\_ Business Area Title: \_\_\_\_\_  
 Funds Center: \_\_\_\_\_ Funds Center Title: \_\_\_\_\_  
 Fund: \_\_\_\_\_ Fund Title: \_\_\_\_\_ Functional Area: \_\_\_\_\_

Line-Item Classifications	Authorized Appropriation	Actual Expenditures ** FY2015	Transfer From			Transfer To		
			CI	Fund	Amount	CI	Fund	Amount
502:00:02 Operating Expenses								
505:00:09 Conference & Travel Expenses								
506:00:10 Professional Fees								
512:00:11 Capital Outlay *								

**Reason for Transfer:**

\_\_\_\_\_  
Agency Director

\_\_\_\_\_  
Budget Approval

\_\_\_\_\_  
DFA IGS State Technology Planning  
(approval only needed if applicable \*\*\*)

\* Transfers may not be made from the capital outlay (512:00:11) sub classification unless specific authority for such transfers is provided by law. (ACA 19-4-522(C)(1))

\*\* For transfers requested during the month of July use the agency's fiscal year 2015 expenditures as of April 30, 2015 for each of the Maintenance & Operations commitment items. For transfers requested during the months August 2015 - May 2016, use the agency's fiscal year 2015 expenditures. For transfers requested during the month of June 2016 use the agency's fiscal year 2016 as of April 30, 2016.

\*\*\* Transfers requested for the purchase of information technology related items must be in compliance with the agency's Information Technology Plan submitted to the DFA-Technology Planning Unit.

## FISCAL MONITORING PROCEDURES

A major responsibility of State Agency administrators is to maintain a working knowledge of the fiscal and programmatic affairs of the agency. The Agency Director and Fiscal Officer are responsible for assuring sufficient funds are available to support a budget with continued monitoring of fund receipts and expenditures and making appropriate adjustments when it is apparent that funds are insufficient and/or expenditures may exceed funds. Further, it is the responsibility of the Agency Director and Fiscal Officer to comply with provisions of the General Accounting and Budgetary Procedures Act cited in A.C.A. §19-4-102 (a)(2)(B) which prohibits deficit spending, A.C.A. §19-4-704 which prohibits an agency from incurring any obligations without appropriation, and A.C.A. §19-4-705 (a) which prohibits obligations unless there are funds available for payment of the obligations.

\* If a Department is subdivided into semi-autonomous agencies, then Division Directors should also sign or initial these forms.

**The Fiscal Monitoring form (example attached) has been automated in PBAS. Information from the previous Annual Operations Plan (FY15) has been copied to the FY16 Annual Operations Plan. Agencies should review the information and make any necessary adjustments. Agencies that do not have system access to PBAS will coordinate entry of monitoring procedures with the budget analyst assigned to assist the agency. Agencies must print the report from PBAS, sign, date and submit it with the Annual Operations Plan.**



## STATE AGENCY PUBLICATIONS LISTING

A.C.A. §25-1-204 requires a reduction in unsolicited publications published and distributed by state agencies. Each agency is required to submit with each annual budget request, a list of state publications, which are required by statutory law and provide the reason(s) for continuation and distribution of the required reports. An example of the form is attached.

**The State Agency Publications form (example attached) has been automated in PBAS. Information from the previous Annual Operations Plan (FY15) has been copied to the FY16 Annual Operations Plan. Agencies should review the information and make necessary updates. Agencies that do not have system access to PBAS will coordinate entry of the agency's publications with the budget analyst assigned to assist the agency. Agencies must print the report from PBAS and submit it with the Annual Operations Plan.**

**ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM**  
**STATE AGENCY PUBLICATIONS**  
**Fiscal Year 2015 - 2016**  
**Required by A.C.A 25-1-204**

**AGENCY 0610 DFA - MANAGEMENT SERVICES**

Name of Publication	Statutory Authorization	Required for		# of Copies Published	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Budget Instruction Packet	None	No	No	275	Assist State Agencies in the preparation of annual operations plan.
Biennial Budget Instruction Packet	A.C.A. 19-4-304	No	No	275	Provide information and assistance to state agencies in the preparation of biennial budget requests.
Biennial Budget Manuals	A.C.A. 19-4-305	Yes	No	2,371	Compile agency requests and Governor's recommendations for Legislative Council/Joint Budget Committee.
Facts about the Arkansas State Budget	None	No	No	1,500	Informational brochure for the public.
Biennial Budget Book	None	No	No	400	Contains detailed information regarding agency changes, funding and positions for each agency, as well as capital projects.