

BUILDING DECISION UNITS MODULE

A course designed for fiscal staff who will be building the agency's biennial budget in NEBS.

GENERAL HOUSEKEEPING

- Introductions
- Breaks
- Cell Phones – silent mode please
- Ask Questions!

Class Objectives

- Overview of Budgeting Process
- What is a Decision Unit?
- Steps for building a decision unit
 - Sample Enhancement/Maintenance Decision Unit
 - Including -
 - New positions
 - Travel
 - Equipment
 - Schedules
 - Sample Transfer Decision Unit
 - Including changes to revenue
 - Sample Reclassification
 - Classified vs Unclassified positions

Purpose of Budget Requests

- The State Budget Act (NRS 353.150 to 353.246) requires that a budget request must be prepared by each agency of the Executive Branch. Requests are reviewed by the Budget Division for the Governor:
 - for compliance with basic budget policies
 - to ensure that efficient, economical methods are used to carry out state responsibilities
 - to ensure essential public services are provided within available resources

What is a Budget?

- It is an action plan for the future.
- It is a tool used to prioritize spending and manage resources.
- It is within a specific set of goals and objectives.
- It is within a stated period of time, Nevada's fiscal year is July 1 – June 30.

Types of Budgets

Operating:

- provides funding for the day-to-day operation of state agencies/entities
- agency's plan of activities for each of the two fiscal years within a biennium

Capital:

- plan for financing the design and construction of state facilities and associated infrastructure (such as schools, parks, correctional facilities, hospitals, etc.) as well as major upgrades to existing facilities.

Non-Executive Operating Budget:

- non-executive operating budgets are similar to executive budgets, but they don't go through the budget approval process and typically don't include positions

Balanced Budget

- In Nevada, we are required to have a balanced budget.
 - (Nevada Constitution, Article 9, Section 2)
- Revenues = Expenditures
- Overspending your budget is a misdemeanor (NRS 353.260)

Major Budget Elements

- Revenues
 - Appropriations (General Fund and Highway Fund)
 - Authorizations (grants, fees, licenses, transfers, etc.)
- Expenditures - represent decreases in financial resources (other than transferring funds between accounts).
 - Personnel
 - General Operating (travel, training, information technology, maintenance, etc.)
 - Special Programs (programs supported with dedicated funding)
 - Equipment and other costs
- Statewide and Departmental/Divisional Cost Allocation/Cost Recovery
- Budget Transfers
- Reserves - Reserve categories are not considered an expenditure category. To expend the authority, it must be transferred by a work program to an expenditure category.

Revenues

Appropriation

➤ General Fund

- The major operating fund that derives its income from taxes, fees and other non-tax sources.

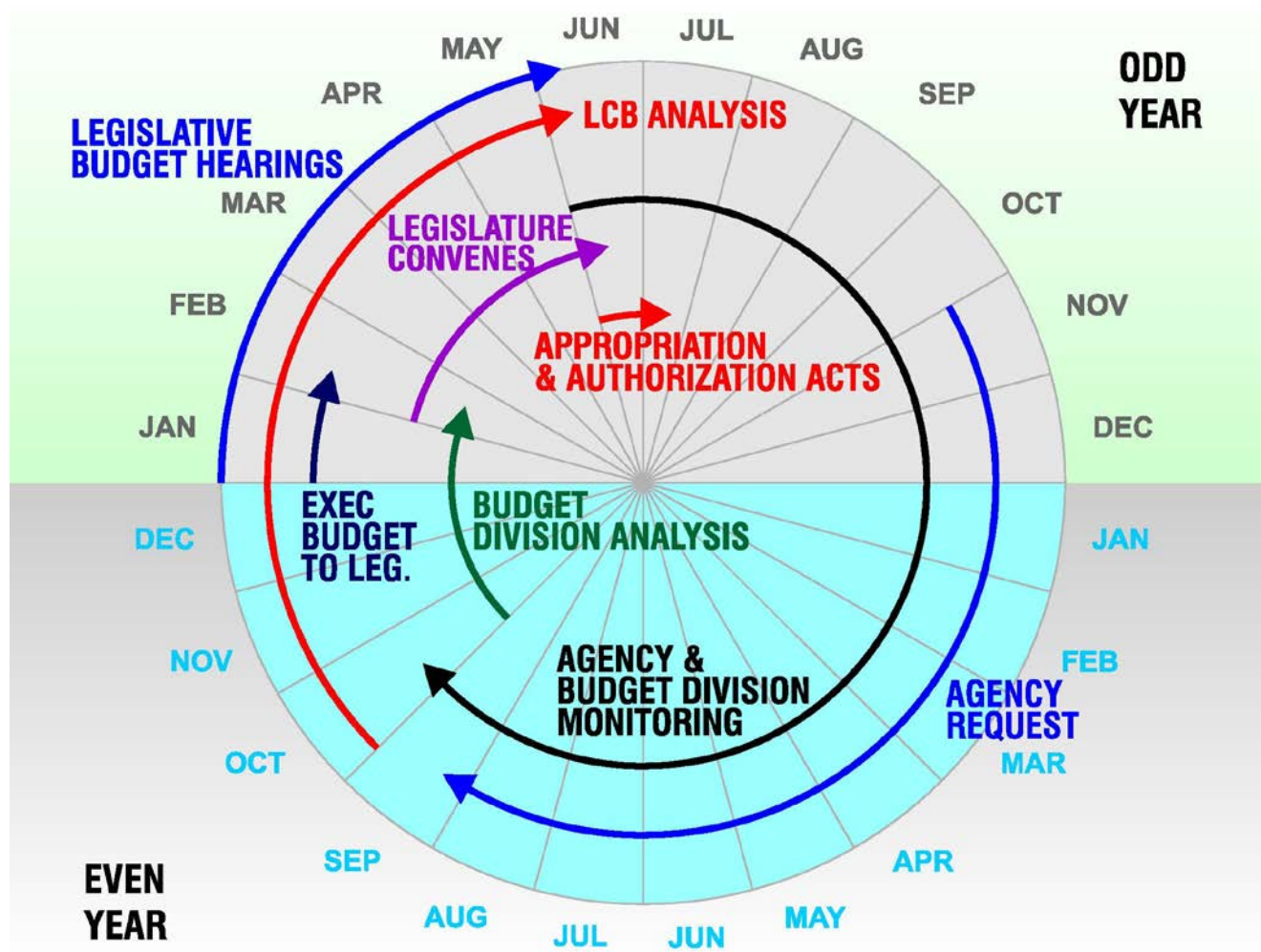
➤ Highway Fund

- Revenues from fuel sales and motor vehicle licensing. Supports highway-related functions.

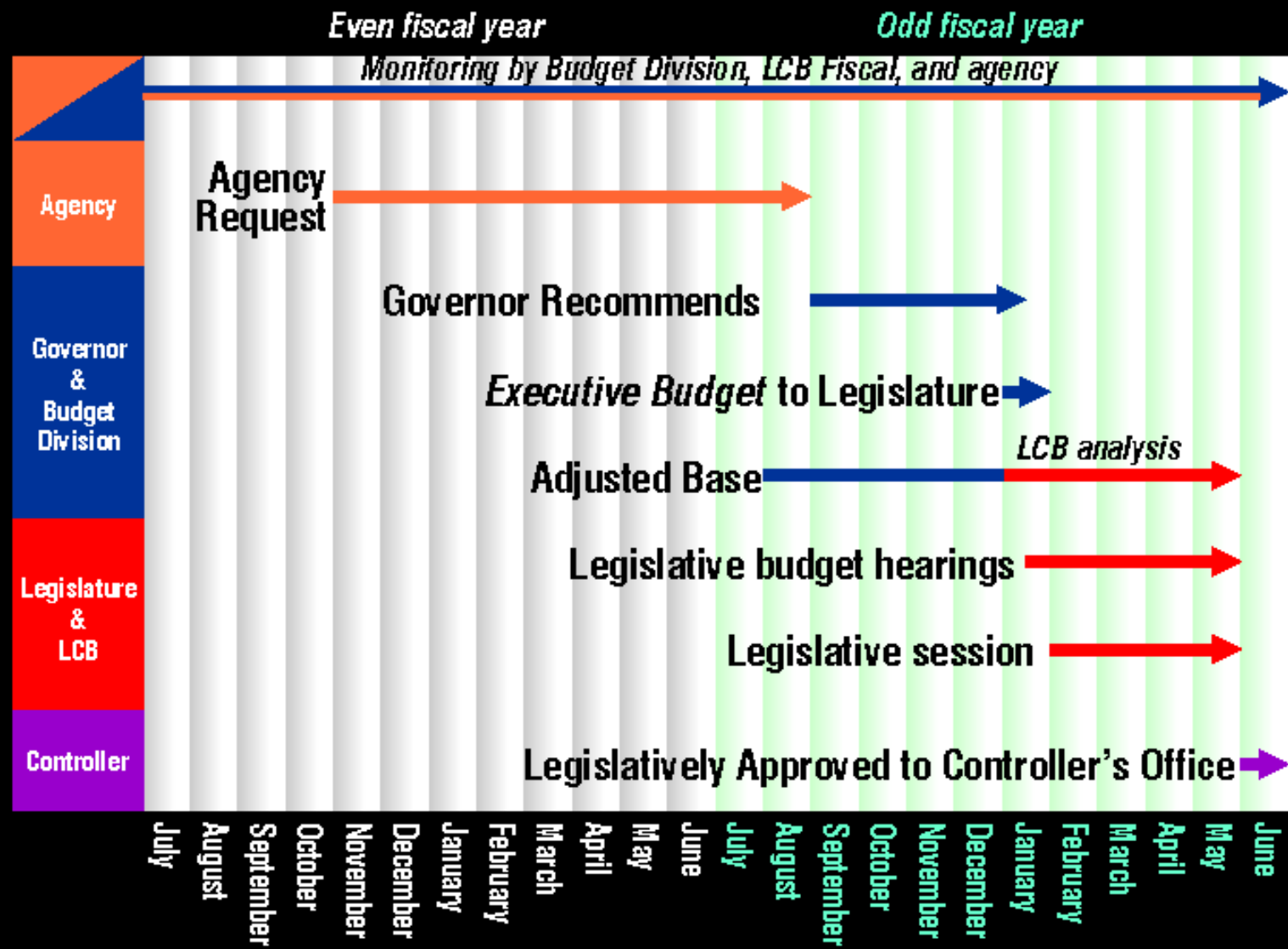
Authorization

- Money coming into the state in the form of fees, federal and private grants, court assessments, interest income, and other sources.

Biennial Budget Cycle



Executive Budget Development Process



Agency Pre-Planning Phase

- Meet with program staff
 - Discuss needs for upcoming biennium – may include
 - New programs
 - Revisions to current programs
 - New and/or sunset of federal grants
 - New positions
 - Position reclassifications
 - Technology investment requests (TIR)
 - Capital improvement projects (CIP)
 - Replacement equipment
 - Statute Review (BDRs)
 - Performance measure data

Agency Pre-Planning Phase (continued....)

- Gather data from program staff of needed enhancements or new programs

- Develop a budget timeline with due dates (samples are available on the Budget Division website)

- Develop a weekly progress report for fiscal staff preparing the budget submission

- Position reconciliation – 2-phase process work with Budget Division analyst to update any changes.
 - Review/update position groupings

Agency Budget Preparation for NEBS

- Travel and training logs
- Justification for retaining vacant positions
- Contract information
- EITS Utilization information
- Equipment schedule
- Building Lease information
- Vehicle information – Fleet Service or Agency owned
- Caseload projections
- NPD-19s for New positions or reclassifications
- Fund maps

Recap of the Budget Process

- Agency Request to Budget Division on or before September 1st
- Budget Division reviews, revises and makes recommendations to the Governor (Sept. – December)
- Governor's recommendation to Legislature is released after the State of the State address in January
- Legislative money committees hear budgets & make changes (Feb. – May)
- Budgets are approved by the end of the Legislature's 120 day session

Overview of Budget Structure

Base and Adjusted Base

- The continuation of justified, essential levels of service. Base Budget = actual costs for base year with payroll costs calculated by NEBS for all authorized FTE.
- Actual budget expenditures are adjusted for one-time and partial year costs.
- Adjusted Base = Base +/- M150

Overview of Budget Structure (cont.)

Decision Unit

- A stand-alone, balanced budget request that displays the revenue and expenditures associated with a new program, changes to existing programs or increases/decreases from ongoing budgetary levels.
- Maintenance – request associated with continuing an existing program at increased levels affected by external factors
- Enhancement – request associated with a new program or services

Common Maintenance Decision Units

- M100 – Statewide Inflation
- M101 – Agency Specific Inflation
- M150 - Adjustments to Base
- M200 - Caseload
- M300 – Salary and Fringe Benefit Rate Adjustments (Budget Division only)
- M425 – Deferred Facilities Maintenance
- M500/M600 – Mandates/Court Orders
- M800 – Agency Specific Cost Allocation

Common Enhancement Decision Units

- Based on the Governor's Strategic Priorities
 - Vibrant and Sustainable Economy
 - E125 – E150
 - Efficient and Responsive State Government
 - E225 - E250
 - Educated and Healthy Citizenry
 - E275 - E300
 - Safe and Livable Communities
 - E350 - E375
 - Technology Investment Requests
 - E550 – E559

Other Common Enhancement Decision Units

- E490 – Expiring Grant/Program
- E500 – Adjustments to Transfers (revenue adjustments)
- E600s – Budget Reductions
- E710 – Replacement Equipment
- E720 - New Equipment
- E730 – Maintenance to Buildings and Grounds
- E737 – New Programs
- E800 – Agency Specific Cost Allocation
- E805-E819 – Position Changes – classified & unclassified
- E900 – Transfers
- Refer to the Budget Building Manual

Steps for Building a Decision Unit

Gather Necessary Information for the Proposal

- Who will benefit from this proposal?
- What
 - is prompting the proposal?
 - is being requested?
 - is the public need?
 - is the impact on other divisions/departments?
 - is the funding source?
 - is the priority versus other requests?
 - associated costs are needed if new staff are requested – travel, operating, equipment, training, etc.

Steps for Building a Decision Unit

Gather Necessary Information for the Proposal (cont.)

- Where
 - is the proposal initiating – federal/state/local/departmental
 - are staff located, if staff are added?
- When is it effective?
- Why is the proposal essential now?
- How
 - much is being requested and how long is it available – General Funds/Federal/Other?
 - will the proposal be implemented – contracts/state staff?
 - is this proposal consistent with division's strategic plan?
 - does it fit with the Governor's Strategic Priorities?
- What are the benefits?
- What are the consequences, if not approved?

Steps for Building a Decision Unit

Converting the information into a Decision Unit in NEBS

- Determine Budget Account(s)
- Determine the Decision Unit Number and its priority
- Determine amount of funding available
 - Federal funds?
 - Within General Fund limits?
 - Other funds?
- Set up necessary information in Account Maintenance Tab in NEBS
 - Add necessary decision unit, category, RGL, position groups, as needed
 - Add decision unit synopsis and justification narrative
 - Add attachments such as NPD-19s, grant awards, calculations, funding information quotes, org charts, etc.

Steps for Building a Decision Unit (cont.)

Converting Information into a Decision Unit in NEBS

- Create Decision Unit in Line Item tab
 - Start with expenditures in the schedules including payroll, vendor, building rent, equipment, EITS, etc. schedules, as needed
 - Complete non-schedule driven expenditures in the Line Item tab
- Consider whether agency cost allocation expenditures should be included
- Verify all costs are included
- Process all schedules in NEBS
- Balance the decision unit
- Create mapping for decision unit

Final Steps

- Process all schedules
- Complete narratives – notes for line items, decision unit synopsis, justification
- Attach necessary supporting documentation and per the Budget Building Manual and calculations to justify your decision unit such as org charts, NPD-19s, quotes, NOGA, funding calculations, etc.
- Run Out of Balance Reports

Reference material

- Manuals on the Budget Division Website
 - Budget Building Manual
 - NEBS Manual

- Tools
 - Template for Vendor Schedule
 - Reconcile actuals to NEBS
 - Template for New Positions
 - Includes checklist of costs to consider

- Department of Administration websites for information
 - EITS
 - Purchasing
 - Fleet Services
 - State Public Works Division - Buildings & Grounds