

Dave Heineman, Governor

MEMORANDUM

DATE: June 27, 2012

TO: All State Agencies, Boards and Commissions
State Financial Officers

FROM: Gerry A. Oligmueller, State Budget Administrator

RE: Budget Preparation Instructions for the 2013-2015 Biennium

The final State of Nebraska Budget Instructions for the 2013-2015 biennial budget request cycle are now available at http://www.budget.state.ne.us/das_budget/bud/NBRRSInstructions.htm.

The 2013-2015 biennial State budget process emphasizes development of budget requests within a strategic results-oriented process. To underscore the importance of the relationship between strategic planning and the development of an agency's budget request, we have released the Nebraska Budget Request and Reporting System in two phases.

The Agency, Division, and Program narrative screens for your operations and aid budget request submissions were released on May 4, 2012, with a preliminary completion date within the budget request system of August 3, 2012. Today, the second phase of instructions are released and the remainder of the system screens are made available, including the following submissions: 1) operating and aid budget requests (including the Base Appropriation, Permanent Salaries Base, Issue Details, and Funds Analysis screens), 2) capital construction and building renewal requests, 3) budget modifications, and 4) information technology project proposals and agency IT plans. **An agency's final budget request version must be locked and submitted in the budget request system by 5:00 p.m. Saturday, September 15, 2012.**

Agency, Division, and Program Narratives

It is important that the narrative information accurately reflect the product of your current strategic planning efforts leading into preparation of your 2013-2015 biennium budget request. Agencies should carefully review and edit this information to ensure that the narrative to be submitted represents the agency's current goals, statutory responsibilities, program objectives and priorities, among other elements. Agencies are encouraged to provide as much text in the budget request system as is necessary to adequately explain their budget request and budget modifications as well as to provide summary information regarding their programs and activities. The system does allow for entry of unlimited narrative information in the "Supporting Information" narrative sections.

Please use the attachment function on the Agency Narrative screen to attach any additional strategic plan documents developed by your agency, independent of the strategic results-based elements already included in the Agency, Division, and Program Narrative screens.

Essential to a results-based budget request is the development and documentation of program performance measures to communicate the key performance indicators used by the agency to determine the cost, efficiency, effectiveness, and results of the activities embedded within each program. Now as much as ever agencies must appreciate the critical link that exists between agency strategic, results-based planning and the allocation of finite public resources. To further highlight the importance of the development and documentation of an agency's key performance indicators, the Administrative Services State Budget Division has developed an Excel template to facilitate the entry and submission of performance measures for each budget program. The template is available in the "Part A – Narratives" section of the budget instructions under the link to the Program Narrative Instructions. The "attachment" functionality on the Performance Measures tab of the Program Narrative screen is available for submission of the performance measures Excel template file for each respective budget program.

Base Appropriation

The Legislature enacted certain changes to agency appropriations for FY 2012-13 during the 2012 legislative session. The final revised and enacted FY 2012-13 new appropriations as of July 19, 2012, will be used and should be reported in your budget request submission as the "FY 2013 Current Appropriation" on the Base Appropriation screen. The Balance Checking process will compare the agency entered FY2013 Current Appropriation to the official, legislatively authorized appropriations (including aid earmarks) to ensure that an agency's 2013-2015 budget request begins with the correct base appropriation.

Budget Modifications

The budget modification process for the 2013-2015 biennial budget request requires that agencies with General Fund appropriations submit modifications at the 95% base level. Budget modifications represent the lowest priorities for continued or additional new funding within the budget request and will be considered as such during the budget process. It is our expectation that the 95% base level will generate a number of thoughtful choices and priorities for each affected agency for the Governor's and Legislature's consideration and that agencies will give serious attention to their identification of modification issues.

Funds Analysis

We ask agencies with cash, federal, and revolving funds to be especially diligent in completing the Funds Analysis screen. The Funds Analysis screen should reflect all enacted adjustments to fund balances. A new narrative tab has been added to the Funds Analysis screen. The Funds Analysis narrative will be required for federal grant awards, because of the increasing uncertainty regarding the future availability of federal funding. Agencies should also provide narrative explanation in the General Comments tab of the newly provided Funds Analysis narrative screen for any situations where estimated annual revenues exceed estimated annual expenditures by an amount greater than seven percent for FY 2015, or where the estimated June 30, 2015, fund balance exceeds twenty-five percent of FY 2015 expenditures. Please also explain any projected negative fund balances. If your agency determines that an adjustment of fees/charges would be advisable, narrative information should be included outlining any agency plans for making such adjustments.

Submission

As noted above, an agency's final budget request version must be locked and submitted in the budget request system by Saturday, September 15, 2012. At that time, access to the budget request submissions will be granted to the Nebraska Legislative Fiscal Office, the Coordinating Commission for Postsecondary Education, the Task Force for Building Renewal, the Comprehensive Capital Facilities Planning Commission, and the Nebraska Information Technology Commission. Printed copies of your 2013-2015 biennium budget requests are not requested. This electronic submission and sharing of information is a significant cost-savings measure associated with the Nebraska Budget Request and Reporting System.

Public Access and Governor's Recommendations

All State agency, board, and commission budget requests will also be made available to the public via the State Budget Division's website. This provides easy anytime access and 100 percent transparency of the 2013-2015 biennial budget requests of all State agencies, boards, and commissions. The Governor's budget recommendations for the 2013-2015 Biennium will be presented to the Legislature in January 2013, pursuant to Section 81-125, Reissue Revised Statutes of Nebraska, 2008.

All State agencies, boards, and commissions are required by Section 86-524.01, Reissue Revised Statutes of Nebraska, 2008, to submit an information technology plan to the Chief Information Officer. The deadline for the submission of this plan is Saturday, September 15, 2012. Instructions and a downloadable form for information technology plans are available on the NITC web site at <http://www.nitc.ne.gov/forms/>. Please contact Rick Becker if you have any questions. He can be reached at (402) 471-7984 or by sending an email to rick.becker@nebraska.gov.

Thanks very much for your special efforts in preparing a quality 2013-2015 biennial budget request. The staff of the Department of Administrative Services State Budget Division are prepared to answer your questions and assist you in the preparation and submission of your requests.