SECTION III

Instructions for

Budget Modifications

GENERAL INSTRUCTIONS

The budget modification process, based on a percentage of current new appropriations after certain base adjustments, was initiated to aid the Legislature and the Governor in assessing priorities related to agency budget requests. The process is based on a "what if" scenario: If an agency's level of appropriation is to be less than the current level (or at any level less than the total request), what services or activities would not be provided? These activities or services are submitted as "modifications," that together would reduce the appropriations to the specified percentage of the base.

Modification budget requests are to be submitted by agencies based upon their **General Fund**. Separately prioritized modifications are required for operations and aid.

The base level for this budget request cycle is **90% of current new appropriations**, after adjustments. The Legislative Fiscal Office will provide agencies with the General Fund base (including adjustments) prior to budget preparation for use with the Report 200.

The Report 200 is to be used to calculate the minimum agency-wide amount to be identified as modifications, i.e., the difference between the total request and the base level. The calculation will only be done for the first year of the request biennium.

Individual modifications for the first year are summarized and prioritized on a report generated from the budget system (Report 300 for Operations and Report 400 for Aid). Agencies will enter information on the budget modifications screen which will provide detail on each modification and indicate the cost of the modification into the second year of the new biennium. Additional input screens are used to detail in narrative form key points necessary to understanding the priority assigned to the modification and the consequences if not funded.

Definitions

2003-04 Base Level Appropriation - Ninety percent of the FY 2002-03 General Fund appropriation to an agency, adjusted for one-time items and reappropriations. A list of allowable adjustments will be sent to you by the Legislative Fiscal Office to use on the Report 200.

Modifications - The difference between the FY 2003-04 base appropriation and the FY 2003-04 total request. Modifications should be distinct, stand-alone functions or levels of activity. Failure to fund a modification should not materially affect the remaining base budget or any other modification.

Priorities - Costs associated with completing the core functions of an agency should be included in the base level appropriation. Modifications should be prioritized as follows: Modification #1 is the very highest priority in addition to the base, i.e., the first function the agency recommends to be funded in addition to the base.

Important Reminders

The base level appropriation, the total request, and the amount of modifications are calculated at the AGENCY level and not the program level, although an agency may identify up to an entire program as a modification.

OPERATIONS AND GOVERNMENT AID ARE TO BE PRIORITIZED SEPARATELY. There are separate input screens for operations and aid. The Form Series 300 should be used for Operations, and Form Series 400 is for Government Aid.

IMPORTANT: One-time costs, deferrals to other fiscal years, or transfers of cost to other agencies are not to be considered as modifications.

An activity mandated by statute may be identified as a modification if it is considered to be a low priority by the agency. If such an activity is identified, the agency should provide a complete listing of necessary statute changes in the narrative contained in the input screen (Report 310B). Agencies should be prepared to offer assistance in the preparation of legislation to modify or repeal statutes necessary to implement the budget modification.

Salaries for constitutional officers are to be excluded from the base level and the request for purposes of calculations on the Report 200.

THE IMPACT OF INFLATION ON THE OPERATING BUDGET REQUEST, BY ITSELF, SHOULD NOT BE CONSIDERED A MODIFICATION. If significant cost increases are expected to occur, a modification must be discussed in terms of reduced usage or curtailed service levels as the result of higher unit costs in the base level.

Report 200 Calculation of Modifications Amounts

PURPOSE This report summarizes the calculation of the amount of modifications the agency must identify. Operations and aid are separated.

INSTRUCTIONS

1. All numbers are calculated at the agency level on this form.

2. The 2002-03 new appropriation is the new appropriation for the current fiscal year. This should be the same amount as on Report 101-A.

3. Adjustments include such items as one-time expenditures, reappropriations made in lieu of new appropriations, and subtractions for constitutional officers' salaries. An approved listing of all adjustments will be provided by the Legislative Fiscal Office on a partially completed Form 200 or a suitable substitute.

4. The 2003-04 request totals for purposes of this form should exclude constitutional officers' salaries. Modification amounts for constitutional officers' budgets should relate only to operating expenses.

5. The difference between the agency request and the base level identifies the minimum amount of modifications required for operations and aid.

6. A copy of Report 200 is required to be included in each printed copy of the agency s Modification Budget Request.

CALCULATION OF MODIFICATION AMOUNTS
STATE OF NEBRASKA - LEGISLATIVE FISCAL OFFICE
REPORT 200

AGENCY: **DEPARTMENT OF CONSUMER AFFAIRS**

BASE LEVEL CALCULATION		OPERATIONS GENERAL FUND TOTAL		GOVERNMENT AID GENERAL FUND TOTAL
2002 - 03 NEW APPROPRIATION		2,760,102		1,558,497
ADJUSTMENTS TO APPROPRIATION (LIST):				
Reappropriations		155,570		64,111
One-time Adjustments		125,000		800,000
LB 8909 Adjustment		142,607		0
REVISED APPROPRIATION TOTAL		3,183,279		2,422,608
BASE PERCENTAGE		0.90		0.90
BASE LEVEL		2,864,951		2,180,347
TO BE COMPLETED BY AGENCY:				
2003-04 TOTAL REQUEST		2,903,790		2,182,947
LESS: BASE LEVEL		(2,864,951)		(2,180,347)
MINIMUM MODIFICATIONS REQUIRED		38,839		2,600

Report 300 Modifications Summary - Operations

PURPOSE To provide a summary of all operations modifications, in priority order.

INSTRUCTIONS You will not need to directly input this summary. The budget system will generate this roll-up from information entered on the Budget Modification screens.

A copy of Report 300 is required to be included in each printed copy of an agency s Modification Budget Request.

Budget Modification Summary - Operations - 300

Agency 98 DEPARTMENT OF CONSUMER AFFAIRS

FY 2004 Version A1

Priority	Program(s)	FY04 General Fund	FY05 General Fund
03 BIENNIAL LICENSING	252, 302	38,839	38,896
TOTAL OPERATIONS		**38,839**	**38,896**

Report 400 Modifications Summary - Aid

PURPOSE To provide a summary of all aid modifications, in priority order.

INSTRUCTIONS You will not need to directly input this summary. The budget system will generate this roll-up from information entered on the Budget Modification screens.

A copy of Report 400 is required to be included in each printed copy of an agency s Modification Budget Request.

Budget Modification Summary - Government Aid - 400

Agency 98 DEPARTMENT OF CONSUMER AFFAIRS

FY 2004 Version A1

Priority	Program(s)	FY04 General Fund	FY05 General Fund
01 FRAUD RESEARCH	302	2,600	2,600
TOTAL GOVERNMENT AID		**2,600**	**2,600**

Report 310A — Operations Modifications

PURPOSE To provide a line-item breakdown of each specific operations modification.

INSTRUCTIONS

1. Each operation modification must be entered separately under the operations modification tab on the Budget Modifications module.

2. In column "FY03 Est. Exp.," estimate the total current year cost of the **particular service or function** described in the modification. If the modification totally eliminates the service or function, then this column should show the current year cost of the modification. If the modification does NOT totally eliminate the service or function, then this column should still show the TOTAL current year cost of the service or function, not just the part identified as a modification. If the modification is a budget adjustment request not provided in FY 2002-03, all cost estimates in this column should be zero. In the operations example given, the modification is just a portion of the total cost of licensing consumer advisors as shown in the first two columns.

3. In column "FY04 Request," estimate the total request for the particular service or function offered as a modification. If the modification results in a total elimination of a service or function, this column's totals should match totals under "FY04 Modification." If the modification reduces but does not eliminate the service, this column should reflect the total cost of the service, the "Modification" column reflecting that portion of the service which is identified as the modification (i.e., not included in the 90% level).

4. The columns "FY04 Modification" and "FY05 Modification" reflect that portion of the total cost of the service or function which is identified as the modification (i.e., not included in the 90% level).

5. Enter account codes for expenditure items by choosing the "Add Account" button on the Operations Modifications tab.

6. The total under "Means of Financing" is the amount applicable to the total amount of modifications as calculated on Report 200. To see an agency modifications total, you may view all priorities under Operations Modifications or go to the Total tab of the Budget Modifications module.

7. Space is provided for General, Cash, Federal, and Revolving funds as, in many instances, other funds may be affected along with the General Fund. The <u>total</u> lines after the line item breakout should equal the <u>total</u> lines under the Means of Financing.

8. One copy of Report 310A is required for each operations budget modification, for submission with the agency's budget modification report.

Budget Modifications

Total | Operations Modifications | Government Aid Modifications | Operations Narrative | Government Aid Narrative

FY 2004 | Agency 98 | DEPARTMENT OF CONSUMER AFFAIRS | Version A1 | AGENCY REQUEST

Priority 03 | BIENNIAL LICENSING | Programs 252 | 302

Account	Description	FY03 Est Exp	FY04 Request	FY04 Modification	FY05 Modification
4111	PERMANENT SALARIES-W	63,000	63,000	31,500	31,500
4112	TEMPORARY SALARIES-W	0	0	0	0
4116	PER DIEM PAYMENTS	0	0	0	0
4119	SUPPLEMENTAL	0	0	0	0
4131	RETIREMENT PLANS EXP	0	0	0	0
4132	OASDI EXPENSE	4,473	4,617	2,309	2,366
4134	LIFE & ACCIDENT INS	90	90	30	30
	TOTAL	87,923	88,067	38,839	38,896
	FTE	0.00	0.00	0.00	0.00
Means of Financing	General Fund	87,923	88,067	38,839	38,896
	Cash Fund	0	0	0	0
	Federal Fund	0	0	0	0
	Revolving Fund	0	0	0	0
	Other Fund	0	0	0	0
	TOTAL FINANCING	87,923	88,067	38,839	38,896

Add Account | EDIT | SAVE | UNDO | EXIT | Delete Priority

Budget Modifications - Operations - 310

Agency 98 DEPARTMENT OF CONSUMER AFFAIRS

FY 2004 Version A1

Priority 03 BIENNIAL LICENSING
Programs 252 302

Account	FY03 Est Exp	FY04 Request	FY04 Modification	FY05 Modification
4111 PERMANENT SALARIES-WAGES	63,000	63,000	31,500	31,500
TOTAL SALARIES	63,000	63,000	31,500	31,500
4132 OASDI EXPENSE	4,473	4,617	2,309	2,366
4134 LIFE & ACCIDENT INS EXP	90	90	30	30
TOTAL BENEFITS	4,563	4,707	2,339	2,396
TOTAL PERSONAL SERVICES	67,563	67,707	33,839	33,896
4421 OTHER CONTRACTUAL SERV	20,360	20,360	5,000	5,000
TOTAL OPERATING EXPENSE	20,360	20,360	5,000	5,000
TOTAL	87,923	88,067	38,839	38,896
Means of Financing				
General Fund	87,923	88,067	38,839	38,896
Cash Fund	0	0	0	0
Federal Fund	0	0	0	0
Revolving Fund	0	0	0	0
Other Fund	0	0	0	0
TOTAL FINANCING	87,923	88,067	38,839	38,896

Report 410A Aid Modifications

PURPOSE To provide a line-item breakdown of each specific government aid modification.

INSTRUCTIONS

1. Each aid modification must be entered separately under the Government Aid Modifications tab on the budget modification module.

2. In column "FY03 Est. Exp.," estimate the total current year cost of the particular aid program described in the modification. If the modification totally eliminates the aid amount, then this column should show the current year cost of the modification. If the modification does NOT totally eliminate the aid amount, then this column should still show the TOTAL current year cost, not just the part identified as a modification. If the modification is a budget adjustment request not provided in FY 2002-03, all cost estimates in this column should be zero.

3. In column "FY04 Request," estimate the total request for the particular aid program or portion thereof offered as a modification. If the modification results in a total elimination of a program, this column's totals should match totals under "FY04 Modification." If the modification reduces but does not eliminate the program, this column should reflect the total cost of the program, the "Modification" column reflecting that portion of the program which is identified as the modification (i.e., not included in the 90% level).

4. The columns "FY04 Modification" and "FY05 Modification" reflect that portion of the total cost of the program which is identified as the modification (i.e., not included in the 90% level).

5. Enter account codes for aid amounts by choosing the Add Account button on the Government Aid Modifications tab.

6. The total under Means of Financing is the amount applicable to the total amount of modifications as calculated on Report 200. To see an agency total, you may view all priorities under Government Aid Modifications or go to the total tab of the Budget Modifications module.

7. Space is provided for General, Cash, Federal and Revolving funds as, in many instances, other funds may be affected along with the General Fund. The <u>total</u> lines after the line item breakdown should equal the <u>total</u> lines under the Means of Financing.

8. One copy of Report 410A is required for each aid budget modification, for submission with the agency s budget modification report.

Budget Modifications

Total | Operations Modifications | Government Aid Modifications | Operations Narrative | Government Aid Narrative

FY 2004 Agency 98 DEPARTMENT OF CONSUMER AFFAIRS Version A1 AGENCY REQUEST

Priority 01 FRAUD RESEARCH Programs 302

Account	Description	FY03 Est Exp	FY04 Request	FY04 Modification	FY05 Modification
4961	DISTRIBUTION OF AID	0	0	0	0
4991	OTHER GOVERNMENT AID	10,000	10,000	2,600	2,600
	TOTAL	10,000	10,000	2,600	2,600

Means of Financing				
General Fund	10,000	10,000	2,600	2,600
Cash Fund	0	0	0	0
Federal Fund	0	0	0	0
Revolving Fund	0	0	0	0
Other Fund	0	0	0	0
TOTAL FINANCING	10,000	10,000	2,600	2,600

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Budget Modifications - Government Aid - 410

Agency 98 DEPARTMENT OF CONSUMER AFFAIRS

FY 2004 Version A1

Priority 01 FRAUD RESEARCH
Programs 302

Account	FY03 Est Exp	FY04 Request	FY04 Modification	FY05 Modification
4991 OTHER GOVERNMENT AID	10,000	10,000	2,600	2,600
TOTAL GOVERNMENT AID	10,000	10,000	2,600	2,600
Means of Financing				
General Fund	10,000	10,000	2,600	2,600
Cash Fund	0	0	0	0
Federal Fund	0	0	0	0
Revolving Fund	0	0	0	0
Other Fund	0	0	0	0
TOTAL FINANCING	10,000	10,000	2,600	2,600

Reports 310B and 410B Narrative Forms

PURPOSE To provide a detailed description of the modification including an analysis of the impacts and statutory changes if necessary. Note: Where possible, cross referencing to the Report 70-A, 70-P, or 70-BA is useful.

INSTRUCTIONS

1. Description of Modification - The agency should describe the modification in detail. As an example, explain what changes would be necessary to existing activities if the modification is not funded or what new activity is being proposed.

2. Rationale for Modification - The agency should describe the rationale, criteria or priority system used in determining the relative importance of the specific modification to the base level. Explain why this activity or service was determined to be a low priority in relation to items left in the BASE LEVEL.

3. Impact of Modification - The agency should identify the quantitative and qualitative impacts of the modification. The description should include:
   a. What services would be continued, adjusted or expanded, what client groups would be impacted, what effects would be felt by the general public, etc.
   b. What would happen if funding is not provided for the specific modification?
   c. Clearly indicate whether funding for the modification matches other fund sources and include an estimate of the amount of other fund sources that may be lost or not received if the modification is not funded.

4. Statutory Change - In some cases, a modification may require statutory change. The agency should identify the relevant statutes and the changes necessary to implement the modifications.

5. Implementation Costs - The agency should identify estimated costs of implementation, if any, if the modification is not funded. Such costs should include accumulated vacation payments, unemployment, operating expenses carried into the next fiscal year, etc.

6. Narratives should **fully** describe the modification and impacts of the modification.

7. **Please note: Do not use hard returns in the narrative text as you enter it unless you are at the end of a paragraph or want to add a line. The text needs to be able to wrap when converted from landscape to portrait format.**

8. A separate Report 310B is required for each operating budget modification and a separate Report 410B is required for each aid budget modification. A complete set of Reports 310B and 410B are required to be included with each printed copy of the agency s Modification Budget Request.

Budget Modifications

Total | Operations Modifications | Government Aid Modifications | Operations Narrative | Government Aid Narrative

FY 2004 | Agency 98 | DEPARTMENT OF CONSUMER AFFAIRS | Version A1 | AGENCY REQUEST

Priority 03 | BIENNIAL LICENSING | Programs 252 | 302

A) Description of Modification - Currently, the Department is responsible for the annual licensing of consumer advisors. These consumer advisors provide personal financial services, including preparing individual plans for reducing consumer debt loads. With this modification, these individuals would be licensed every two years rather than annually. Funding of the modification would allow continuation of annual licensing.

B) Rationale for Modification - There continues to be some level of control needed tp protect the consumer from incompetent or unscrupulous consumer advisors. However, annual licensing does not appear necessary to provide this control. Individuals would still be required to resubmit for licensing every two years. in the interim periods, actions could still be taken to suspend or revoke licenses for just cause. Biennial Licensing would not appear to impair consumer protection.

C) Impact of Modification - There would be a minimal decline in consumer protection due to the fact that actions could still be taken in the interim periods, subject to the filing of a complaint and the hearing process. By implementing a Biennial licensing process, staffing could be reduced by 50 percent due to the time required to process 1,500 licenses.

D) Statutory Change - Section 1-100 requires annual licensing of consumer advisors. This section would have to be amended to allow for Biennial licensing. Also, Section 1-101 should be amended to increase the license fee from $10 to $20 to reflect the Biennial period.

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Budget Modifications

Total | Operations Modifications | Government Aid Modifications | Operations Narrative | Government Aid Narrative

FY 2004 | Agency 98 | DEPARTMENT OF CONSUMER AFFAIRS | Version A1 | AGENCY REQUEST

Priority 01 | FRAUD RESEARCH | Programs 302

A) Description of Modification - Currently, the department channels $10,000 to local bar associations for research into consumer law and consumer fraud situations. These grant funds are used to research cases of consumer fraud in their areas and inform the public through newspaper and radio spots of these potential fraud situations.

B) Rationale for Modification - This aid program is the only aid program not currently funded by cash revenues or required for matching federal funds. Also, under this modification, local police departments with fraud units, in conjunction with public service announcements on radio and TV, could continue to provide similar services.

C) Impact of Modification - Currently, five grants of $2,000 each are given. Under this modification, only three full grants would be awarded, eliminating or reducing the grants to Lincoln and Omaha.

D) Statutory Changes - Non required.

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