

Fiscal Year 2010

*Operating Budget Instructions
for
Executive and Administrative Agencies,
Appellate Courts, and
Judicial Branch Agencies*

*Legislative Budget Board
Governor's Office of Budget, Planning and Policy
October 2009*

Contents

	Page
Introduction.....	4
Part I. General Operating Budget Instructions.....	6
What's New	
Certification of Dual Submissions	
Electronic Submission	
ABEST Data-entry Reference	
Assembly and Distribution of Copies	9
Supplemental Information – Agencies Appropriated Federal American Recovery and Reinvestment Act (ARRA) funds.....	11
Part II. Operating Budget Summaries	13
General Information	
Entering the Data to Generate the Reports	
Method of Financing.....	16
General Information	
Categories of Funds	
Types of Appropriation	
Full-time equivalent (FTE) positions	
Part III. Strategy-level Detail.....	22
Entering the Data to Generate the Reports	
Use of Substrategies in the Operating Budget	
Part IV.A. Capital Budget Project Schedule	24
General Information	
Entering the Data to Generate the Report	
Part IV.B. Federal Funds Supporting Schedule	26
General Information	
Entering the Data to Generate the Report	
Part IV.C. Federal Funds Tracking Schedule	28
General Information	
Entering the Data to Generate the Report	
Part IV.D. Estimated Revenue Collections Supporting Schedule.....	30
General Information	
Entering the Data to Generate the Report	
Part IV.E. Homeland Security Funding Schedule.....	33
General Information	
Completing the Form	
Objects of Expense and Method of Finance	
Full-time-equivalent (FTE) Positions	
Funds Passed Through to Local Entities and Other State	
Agencies or Institutions of Higher Education	
Use of Homeland Security Funds	

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Introduction

The 2010–11 General Appropriations Act (Senate Bill 1, Article IX, Sec. 7.01, Eighty-first Legislature, Regular Session, 2009) provides that itemized operating budgets be filed by each state agency with the Governor’s Office of Budget, Planning and Policy (GOBPP) and the Legislative Budget Board (LBB) each fiscal year. Please note that the term “state agency” or “agency” used throughout these instructions includes the appellate courts. The guidelines and samples included in this document should help in the preparation of the fiscal year 2010 operating budget.

The two primary reports in the operating budget are the Summary of Budget by Strategy and the Summary of Budget by Method of Finance. The Summary of Budget by Strategy report will reflect the appropriation pattern contained in Senate Bill 1 for each agency. Any adjustments to the amounts appropriated (i.e., Regular Appropriations) in Senate Bill 1 for fiscal year 2010, should be reflected in the Summary of Budget by Method of Finance Report. For each method of finance, enter the Regular Appropriation amounts from the General Appropriation Acts. Specifically, enter the Regular Appropriation amounts from the Conference Committee Report on House Bill 1, Eightieth Legislature, 2007, for fiscal years 2008 and 2009 and from the Conference Committee Report on Senate Bill 1 (May 2009), which can be found on the LBB website (www.lbb.state.tx.us), for fiscal year 2010. All changes in appropriated amounts to reflect specific Article IX, General Appropriations Act provisions, appropriation changes contained in Article XII, the Federal American Recovery and Reinvestment Act (ARRA), end-of-article Special Provisions, and agency specific riders; the enactment of House Bill 4586, Eighty-first Legislature, Regular Session, 2009; the Governor’s Veto Proclamation; the most recent projections of federal and other estimated funds, including Federal American Recovery and Reinvestment Act funds, federal reimbursements, and earned federal funds; and any other funds available for expenditure that were not foreseen at the time Senate Bill 1 was enacted should be included in the operating budget and itemized in the Summary of Budget by Method of Finance Report. Other adjustments to fiscal year 2010 relating to Article IX provisions should be made to the extent that they are known when the operating budget is filed. The information for fiscal years 2008 and 2009 in the report should match, except for appropriation adjustments for House Bill 4586 and updated data, the 2008–09 Base Reconciliation previously approved by the LBB and GOBPP.

These instructions and the instructions for entering data into the Automated Budget and Evaluation System of Texas (ABEST) are available on the LBB website (www.lbb.state.tx.us) by going to Agency Instructions/Operating Budget. Any questions regarding these instructions should be directed to the assigned analyst in either budget office.

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Part I. General Operating Budget Instructions

What's New

These instructions are similar to those used for preparing operating budgets for fiscal year 2008, except for the following notable differences:

- ▶ Affected agencies must incorporate all appropriation changes contained in Article XII, the Federal American Recovery and Reinvestment Act (ARRA), of the Conference Committee Report on Senate Bill 1, all ARRA funds appropriated by House Bill 4586, and any ARRA funds not foreseen at the time either bill was enacted into their operating budget submissions for fiscal year 2010.
- ▶ Affected agencies must use the Method-of-Financing (MOF) code (0369) established by the Comptroller of Public Accounts to distinguish ARRA from other federal funds to identify ARRA funds in their operating budget submissions. The related Catalog of Federal Domestic Assistance (CFDA) numbers and titles are available within ABEST, and can be found on the LBB website (www.lbb.state.tx.us) under Agency Reference Documents. Please use the appropriate CFDA number and extension to distinguish between ARRA receipts and other federal funds.
- ▶ All agencies receiving ARRA funds in fiscal years 2009 and 2010 are required to submit the Federal Funds Tracking Schedule.
- ▶ Supplemental information on how to incorporate ARRA appropriation changes into agency operating budget submissions, including additions to the appropriation adjustments selection menu (drop-down box) in ABEST is provided on page 11 of these instructions.

Changes that are new to operating budgets but were included in the 2010–11 LAR instructions include:

- ▶ Within five (5) days of submitting the required bound paper copies of the operating budget submissions for fiscal year 2010, agencies must place their operating budget on the agency website.
- ▶ Agencies with unexpended balance (UB) authority for bond proceeds appropriated by prior legislatures will need to provide a reasonable estimate of both unobligated (unencumbered) and unissued appropriation balances and may be required to submit supplemental information, including projected expenditure schedules, to support the estimate.
- ▶ Agencies appropriated bond proceeds by the Eighty-First Legislature for new construction, rehabilitation, and repair projects may be required to submit supplemental information on the budgeted projects, including project categories, descriptions (e.g., health and safety, water/wastewater improvements, deferred maintenance), locations, and timelines.

Part I. General Operating Budget Instructions (continued)

Certification of Dual Submissions

The operating budget is submitted both electronically, through the Automated Budget and Evaluation System of Texas (ABEST), and in bound paper copy. The budget submitted in ABEST is the official submission. A certification of the content of the dual submissions, and assurance that the electronic and paper copy are one and the same, must be provided to the two budget offices within seven (7) days of the electronic filing. In the event of a discrepancy between the electronic and paper copies, the electronic copy will be presumed correct. The certification form may be printed from the LBB website at Agency Instructions/Operating Budget, Certificate of Dual Submission Template.

If an office is headed by an elected official, the first assistant may sign for the elected official.

Electronic Submission

Agencies will submit operating budgets for fiscal year 2010 electronically, through the Automated Budget and Evaluation System of Texas, to the Legislative Budget Board (LBB). Agencies will submit bound paper copies to the Governor's Office of Budget, Planning and Policy (GOBPP); to the LBB; and to other offices requiring copies of operating budgets (see page 10 for a list).

Instructions for entering operating budget data in ABEST may be found on the LBB website at www.lbb.state.tx.us, *Preparing and Submitting Operating Budget in ABEST* (October 2009) by going to Agency Instructions/Operating Budget. Please note that these instructions call for the submission of performance measure information as well as funding data.

Operating Budgets on Agency Websites

Agencies are required to place their operating budget for fiscal year 2010 on the agency website within five (5) days of submitting the required bound paper copies. Please contact LBB PC Technical Support at (512) 936-4026, if you need technical assistance. Any revisions to the Operating Budget, including all changes to affected forms and schedules, should be posted to the agency website within five (5) days of submitting the revision to the two budget offices. To assist LBB staff in creating a link to agency operating budget submissions for fiscal year 2010 on the LBB website, please forward the URL address for the operating budget to [webmaster @lbb.state.tx.us](mailto:webmaster@lbb.state.tx.us).

Part I. General Operating Budget Instructions (continued)

The operating budget will include up to ten (10) ABEST reports. ABEST data will be entered into various data-entry screens. The following table lists the ten (10) reports and the corresponding data-entry screen or screens for each report. Data-entry screens used in entering data for the Legislative Appropriations Request are also used for the corresponding operating budget reports.

Operating Budget Report	ABEST Data Entry Tabs/submenus
Summaries of Request	
Summary of Budget by Strategy	Bud Req/Strategy Requests
Summary of Budget by MOF	Bud Req/Summary of MOF Requests and Summary of FTE
Summary of Budget by OOE	Bud Req/Strategy Requests
Summary of Budget Objective Outcomes	Measures/Objective Outcomes
Strategy Request	Bud Req/Strategy Requests and Measures/[all types except outcomes]
Supporting Schedules	
Capital Budget Project Schedule	Cap Bud/Project Financing and Project Strategy Allocation
Federal Funds Supporting Schedule	Bud Req/Strategy Request and Support Info/Fed Funds Support Sched
Federal Funds Tracking Schedule	Support Info/Federal Grant Year
Estimated Revenue Collections Supporting Schedule	Support Info/Est Rev Collections Sched
Homeland Security Funding Schedule	Support Info/Homeland Security

Assembly and Distribution of Copies

Assembly

For bound paper copies of the operating budget, all pages, whether produced using ABEST reports or spreadsheets should be on letter-size paper (8½ x 11) and bound along the left margin in a document with a durable cover. See page 1 of Appendix I.B. for a sample cover sheet. The operating budget should be printed on both sides, numbered, and assembled in the manner described in these instructions.

These instructions and spreadsheet forms may be accessed on the LBB website (www.lbb.state.tx.us). Agencies may create and modify these spreadsheet forms as needed as long as the basic information and structure are maintained.

ABEST reports are generated through the Internet. For additional information, refer to instructions contained in *Preparing and Submitting Operating Budget in ABEST* (October 2009) or contact the ABEST Help Desk at (512) 463-3167.

It is suggested that documents be assembled in the following order:

- (1) Cover and Title Sheet
- (2) Table of Contents
- (3) Budget Summaries
- (4) Strategy-level Detail
- (5) Substrategy Information (if required)
- (6) Supporting Schedules
 - Capital Budget Project Schedule
 - Federal Funds Supporting Schedule
 - Federal Funds Tracking Schedule (if required)
 - Estimated Revenue Collections Supporting Schedule (if required)
 - Homeland Security Funding Schedule (if required)

Assembly and Distribution of Copies (continued)

Distribution

The operating budget is submitted to the LBB electronically once agencies change their status in ABEST to “complete.” Bound paper copies of the operating budget, and any supplemental (i.e., non-ABEST) information required by either the LBB or the GOBPP, should be distributed as follows:

Legislative Budget Board Robert E. Johnson Bldg, 5 th Floor (P. O. Box 12666, Austin, TX 78711) LAR@LBB.STATE.TX.US	Electronic Filing and Two Bound Paper Copies
Governor’s Office of Budget, Planning and Policy 1100 San Jacinto, 4 th Floor (P. O. Box 12428, Austin, Texas 78711)	Two Bound Paper Copies
Legislative Reference Library State Capitol, Room 2N.3 (P.O. Box 12488, Austin, Texas, 78711)	One Bound Paper Copy
Comptroller of Public Accounts L.B.J. Building (P.O. Box 13528, Austin, Texas, 78711)	One Bound Paper Copy
Texas State Publications Clearinghouse, State Library Lorenzo de Zavala State Archives and Library Building (P.O. Box 12927, Austin, Texas, 78711-2927)	V.T.C.A., Government Code, Chapter 441

Send electronic copies of spreadsheet forms to the LBB at the email address indicated above, and to the email address of the GOBPP analyst assigned to your agency.

Supplemental Information for Agencies Appropriated Federal American Recovery and Reinvestment Act (ARRA) Funds

- Appropriations of ARRA receipts contained in Sec. 1 of Article XII, the Conference Committee Report on Senate Bill 1 (the 2010–11 GAA), should be included as regular appropriations under the 0369 MOF code in the Summary of Budget by Method of Finance Report. Any adjustments to appropriated amounts authorized by General or Special provisions in the 2010–11 GAA (e.g., Article IX, Sec. 8.02; Article XII, Sec. 12) should be shown as rider appropriations or transfers, depending on the circumstances.
- Appropriations of ARRA receipts contained in House Bill 4586, Eighty-first Legislature, 2009 should be included as supplemental appropriations under the 0369 MOF code in the Summary of Budget by Method of Finance Report. The allocation of these funds between agencies authorized by House Bill 4586 (i.e., Sec. 33, FMAP allocation) should be shown as transfers.
- The General Revenue appropriation reductions contained in Article XII should also be included as regular appropriations under the appropriate General Revenue MOF code in the Summary of Budget by Method of Finance Report. Affected agencies are required to use the appropriation adjustment descriptions added to the ABEST selection menu to identify these reductions.
- The General Revenue appropriation reductions pertaining to ARRA receipts contained in House Bill 4586, Eighty-first Legislature, 2009, should be included as supplemental appropriations under the appropriate General Revenue MOF code in the Summary of Budget by Method of Finance Report. Affected agencies are required to use the relevant appropriation adjustment descriptions added to the ABEST selection menu (see below) to identify these reductions. If a relevant appropriation adjustment is not available in the ABEST selection menu, please enter a description that references House Bill 4586, and the relevant provision of the Act containing the General Revenue reduction. Consult your LBB or GOBPP analyst for additional guidance.
- Article II agencies: Appropriation adjustment descriptions for the allocation of the Enhanced Medicaid FMAP have been added to the ABEST selection menu (see below) for use by affected agencies. Additionally, Article II agencies may be required to further delineate the other appropriation adjustment descriptions included in the Summary of Budget by Method of Finance Report by CFDA number and title. Please use the appropriate CFDA and CFDA extension to distinguish between ARRA receipts and other federal funds.
- Unexpended balance (UB) authority to carry-forward unexpended balances of ARRA-related appropriations from fiscal year 2010 to fiscal year 2011 is contained in Sec. 4, Article XII, Conference Committee Report on Senate Bill 1. The ABEST selection menu includes a new appropriation adjustment for this provision. Most Article XII appropriations, including General Revenue appropriation reductions, are appropriated in fiscal year 2010. If an affected agency plans to spend ARRA receipts in fiscal years 2010 and 2011, the amount of the funds to be spent in fiscal 2011 should be shown as a reduction under rider appropriations, using the appropriation adjustment description for Article XII, Sec. 4 as the authority. Similarly, if an agency has an ARRA-related General Revenue appropriation reduction in fiscal year 2010, but plans to allocate a portion of the reduction to fiscal year 2011, the amount of the reduction allocated to fiscal year 2011, should be shown as a positive amount under rider appropriations, using the appropriation adjustment description for Article XII, Sec. 4 as the authority. (See the Summary of Budget by Method of Finance sample report on page 1 of Appendix II.B.)

Supplemental Information for Agencies Appropriated American Recovery and Reinvestment Act (ARRA) Funds (continued)

- All new full-time-equivalent (FTE) positions funded by ARRA receipts should be budgeted in the appropriate strategy and included in the FTE section of the Summary of Budget by Method of Finance Report (in both the Total Adjusted FTEs and the Number of 100 Percent Federally Funded FTEs).
- In order to track certain ARRA appropriation changes and to assist affected agencies with incorporating these changes into their operating budget submissions, the following appropriation adjustment descriptions have been added to the ABEST Selection Menu.

FEDERAL AMERICAN RECOVERY AND REINVESTMENT ACT APPROPRIATION ADJUSTMENT DESCRIPTIONS

ABEST Selection Menu item	Appropriation Type	Affected Agency(ies)/ Institutions
Art. XII, Reduce GR, Child Support Enforcement	Regular Appropriations	OAG
Art. XII, Reduce GR, Title XX	Regular Appropriations	DSHS
Art. XII, Reduce GR, Medicaid Enhanced FMAP	Regular Appropriations	HHSC
Art. XII, Reduce GR, Title IVE	Regular Appropriations	DFPS
Art. XII, Reduce GR, Level of State Support	Regular Appropriations	TEA
Art. XII, Reduce GR, Available School Fund Shortfall	Regular Appropriations	TEA
Art. XII, Sec. 30, Reduction of Appropriations	Regular Appropriations	TEA, Higher Education Coordinating Board, Higher Education Institutions (HE)
Art. XII, Sec. 12, Enhanced FMAP Allocation	Transfers ¹	HHSC, DADS, DFPS, DARS
HB 4586, Sec. 33, Enhanced FMAP Allocation	Transfers ²	HHSC, DADS, DFPS, DARS
Art XII, Sec 4, Unexpended Balance	Rider Appropriations	All affected agencies
Art XII, Sec 13, State Energy Projects	Transfers	CPA, TFC
Art XII, Sec 14, Border Security	Transfers	Gov's Office - Trusteed Programs, DPS, TPWD
Art XII, Sec 25, Stimulus funding allocation	Regular Appropriations	DSHS, TCA, TDA, TEA, THC, Gov's Office - Trusteed Programs, HE, Community colleges
Art XII, Sec 30, GR Reductions	Regular Appropriations	TEA, Higher Education Coordinating Board, HE, Community Colleges

¹ Transfers of General Revenue Reductions and ARRA receipts.

² Transfers of ARRA receipts.

Part II. Operating Budget Summaries

Purpose

These reports summarize the agency's total operating budget and method of financing, show the associated outcome measures, and reconcile expenditures and budgeted amounts to the original appropriations and summarize the agency's total operating budget by ABEST object of expense and strategy.

General Information

The Budget Summaries include four reports: II.A. Summary of Budget by Strategy; II.B. Summary of Budget by Method of Finance; II.C. Summary of Budget by Object of Expense; and II.D. Summary of Objective Outcomes. The reports include data for fiscal years 2008, 2009, and 2010.

Entering the Data to Generate the Reports

The Budget Summaries consist of data for four Automated Budget and Evaluation System of Texas (ABEST)-generated reports. The names of the ABEST data-entry screens associated with each summary report may be found in the ABEST Data-entry tabs/submenus table on page 8. The agency status does not have to be set to "complete" to run a report. The agency must set the status of the general budget submission to "complete" before generating a final copy of these reports.

II.A. Summary of Budget by Strategy reflects the agency's goal and strategy appropriation pattern from Senate Bill 1, Eighty-first Legislature, Regular Session, 2009. It contains information on 2008 and 2009 actual expenditures, including accruals and encumbrances, and budgeted 2010 expenditures. For fiscal years 2008 and 2009, the strategy amounts when totaled should equal, except for appropriation adjustments for House Bill 4586 and updated data, the 2008–09 Base Reconciliation previously approved by the LBB and the GOBPP.

Important

- Amounts reported for fiscal years 2008 and 2009 **include expenditures plus accruals and encumbrances** payable from respective fiscal years.
- Amounts reported for fiscal year 2010 include the agency's best estimate for anticipated expenditures.
- Transferred programs should be reflected by the receiving agency in all years.
- Be prepared to provide an explanation for any significant differences between the agency appropriations and expended amounts.

The 2010 appropriated amounts, as reflected in the Conference Committee Report on Senate Bill 1 (May 2009) on the LBB website (go to Appropriation Bills Archive), should be adjusted to reflect the following:

- Appropriations of Federal American Recovery and Reinvestment Act (ARRA) funds and appropriation reductions contained in Article XII;
- Latest estimates of Federal Funds, including ARRA funds and federal reimbursements;
- Changes in revenue estimates (including Earned Federal Funds) affecting appropriations;
- Appropriating riders in agency bill patterns, and Special and General provisions;
- Governor's Veto Proclamation;

Part II. Operating Budget Summaries (continued)

- House Bill 4586, Eighty-first Legislature, Regular Session, 2009 and any other legislation enacted by the Eighty-first Legislature that makes or reduces appropriations to the agency;
- Any funds that are specifically authorized for expenditure on agency operations such as appropriated unexpended balances authorized by agency riders, Article IX provisions, or legislation adopted by the Eighty-first Legislature, 2009 and funded by an appropriating rider contained in Article IX;
- Budget reductions and transfers mandated by Special and General Provisions in the General Appropriations Act (GAA);
- Executive orders; and
- Lapsed funds.

See Summary of Budget by Strategy sample report on page 1 of Appendix II.A.

II.B. Summary of Budget by Method of Finance (MOF)

summarizes the agency's method of financing and allows the LBB and the GOBPP to reconcile the original appropriation with the final expended or adjusted budget amounts. Each method of financing is assigned to a category of fund (General Revenue Funds, General Revenue-Dedicated Funds, Federal Funds, and Other Funds). Each method of financing is further detailed by Type of Appropriation (Regular, Rider, Transfers, etc.). See Categories of Funds and Types of Appropriation in the Method of Financing section of these instructions.

For each method of financing, enter the Regular Appropriation amounts from the General Appropriations Acts. Specifically, enter the Regular Appropriation amounts from the Conference Committee Report on House Bill 1, Eightieth Legislature, 2007, for fiscal years 2008 and 2009 and from the Conference Committee Report on Senate Bill 1 (May 2009), which can be found on the LBB website, for fiscal year 2010.

In addition to the method of financing summary entered by the agency, the report also reconciles the full-time-equivalent (FTE) positions as reported in agency strategies. See Summary of Budget by Method of Finance sample report on page 7 of Appendix II.B.

The information in the report for fiscal years 2008 and 2009 should match, except for appropriation adjustments for House Bill 4586 and updated data, the 2008–09 Base Reconciliation previously approved by the LBB and GOBPP.

II.C. Summary of Budget by Object of Expense (OOE) summarizes the agency's budget by object of expense codes to display the goods and services purchased by the agency. Eighteen objects of expense, as listed in *ABEST Object of Expense Codes*, will be used for this report. See Summary of Budget by Object of Expense sample report on page 1 of Appendix II.C.

Important

- Be sure to show any authorized unexpended balances carried forward into the second year of the biennium, or between two biennia (from one biennium to the next), from each method of financing.
- An agency purchasing goods or services from another state entity uses the original method of financing (general revenue, federal funds, etc.). The agency acting as the vendor or provider of goods or services uses interagency contracts (or in some instances, appropriated receipts) as the method of financing.

Part II. Operating Budget Summaries (continued)

II.D. Summary of Objective Outcomes summarizes agency outcome measures. Enter actual performance for fiscal years 2008 and 2009. For budgeted fiscal year 2010, enter the agency's **current projected performance** for each outcome measure. In instances where the current estimate is not the same as the 2010 targeted performance identified in the 2010–11 General Appropriations Act, **updating the current estimate does not constitute a request to change the target**. See the Summary of Objective Outcomes sample report on page 1 of Appendix II.D.

Checklist Items

Yes

- Does the report reflect appropriate and specific Article IX, General Appropriations Act provisions, Article XII appropriation changes, end of article Special Provisions, agency-specific riders and vetoes?
- Are all ARRA expenditures budgeted under Method-of-Financing (MOF) code 369, the MOF code established by the Comptroller of Public Accounts for ARRA funds?
- Does the report include all transfers, including interagency transfers?
- Do the regular appropriation amounts reconcile to the 2008–09 and 2010 regular appropriation amounts, as reflected in the Conference Committee Reports on House Bill 1 (May 2007) and Senate Bill 1 (May 2009), method-of-financing table?
- Excluding adjustments for House Bill 4586 and updated data, do the 2008–09 amounts in the Summary of Budget by Method of Financing Report reconcile to the approved 2008–09 Base Reconciliation?
- Does the report include rider appropriations, such as unexpended balances, and supplemental appropriations?
- Does method-of-financing indicate lapsed appropriations and revised receipts?
- Does “Full-Time-Equivalent Positions” equal the sum of FTEs in each strategy and reflect applicable reductions required by Article IX, Section 18.02(c) (2008–09 GAA)?
- Does “Full-Time-Equivalent Positions” include all 100 percent federally-funded positions?

Method of Financing

Purpose

The method of financing section in each applicable report identifies the source from which funds have been appropriated, expended, or budgeted.

General Information

The method of financing section should identify all of the method of financing (MOF) codes from which funds have been appropriated, expended, or budgeted. These codes are found in *Method of Financing Codes*, available on the LBB website (www.lbb.state.tx.us) under Agency Reference Documents. Consult with the budget offices (Legislative Budget Board or Governor's Office of Budget, Planning and Policy) if you have questions about which MOF code to use for a particular source of funds.

The Summary of Budget by Method of Finance Report allows the budget offices to reconcile the final expended amounts for fiscal years 2008 and 2009 and the budgeted amounts for fiscal year 2010 with the General Appropriations Acts for these years. To provide the necessary level of detail, this section should identify the MOF code for all amounts included in the operating budget. The MOF code cited should reflect the fund category applicable to the year in which the amounts were appropriated. In addition, this schedule allows agencies to reconcile the number of full-time-equivalent (FTE) positions for each fiscal year. See Summary of Budget by Method of Finance sample report on page 1 of Appendix II.B.

Categories of Funds

There are four categories of funds used in ABEST: General Revenue, General Revenue-Dedicated, Federal, and Other. *Method of Financing Codes* assigns each MOF code to a particular category of fund, and ABEST sums amounts in the operating budget by category of fund. See the LBB website for a list of MOF codes.

General Revenue Fund. These include all **nondedicated** General Revenue Funds and accounts, as well as Earned Federal Funds.

Earned Federal Funds. All federal funds received as a reimbursement for previous expenditures and all federal funds received in connection with a federally-funded program are treated as general revenue when the governing agreement does not require the funds to be spent on that program. Earned Federal Funds include, but are not limited to, indirect cost receipts and interest earned on advances of federal funds.

Important

For each method of financing, enter the Regular Appropriation amounts from the General Appropriations Acts. Specifically, enter the Regular Appropriation amounts from the Conference Committee Report on House Bill 1, Eightieth Legislature, 2007, for fiscal years 2008 and 2009 and from the Conference Committee Report on Senate Bill 1 (May 2009), for fiscal year 2010. Both Conference Committee Reports can be found on the LBB website.

Method of Financing (continued)

Article IX, Sec. 6.22, 2010–11 GAA Definition, Appropriation, Reporting and Audit of Earned Federal Funds

Pursuant to Article IX, Sec. 6.22, 2010–11 GAA, Earned Federal Funds are classified as collected revenue to the General Revenue Fund and included as part of MOF Code 001. See Article IX, Sec. 6.22(b), for the amount of General Revenue appropriations contingent on the collection of Earned Federal Funds by agency.

The Summary of Budget by Method of Finance Report should identify the incremental amount of Earned Federal Funds above or below the fiscal year 2010 amounts estimated in Article IX, Sec. 6.22(b). If collections are anticipated to fall below appropriated amounts, there should be a corresponding appropriation reduction to General Revenue. Likewise, if collections are anticipated to exceed appropriated amounts, there should be a corresponding increase in General Revenue appropriations, subject to the notification procedures outlined in Article IX, Sec. 6.22 (c) and (d). (See page 1 of Appendix II.B. Summary of Budget by Method of Finance for an example.)

Any unexpended and unobligated balances in General Revenue appropriations contingent on Earned Federal Funds at the end of fiscal year 2010 may be carried forward into fiscal year 2011. Affected agencies should include unspent, unobligated amounts as a negative entry in the Summary of Budget by Method of Finance Report. (See page 20 for more on Unexpended Balance Authority.)

Tobacco Settlement Receipts. Use the appropriate MOF codes for funds received as tobacco settlement receipts that are not dedicated.

General Revenue–Dedicated Funds. These include all **dedicated** General Revenue accounts. The MOF codes in *Method of Financing Codes* incorporate changes made by House Bill 4583, Eighty-first Legislature (relating to the creation and re-creation of funds . . .) and provide a complete listing of the General Revenue–Dedicated accounts.

Federal Funds. These include all revenue received from the federal government that is not classified as Earned Federal Funds. The MOF code for most federal funds is 0555. Federal reimbursements related to natural disasters should be reflected as Federal Funds. The MOF code for Federal American Recovery and Reinvestment Act (ARRA) funds is 0369. Please use the appropriate CFDA and CFDA extension to distinguish between ARRA receipts and other federal funds.

Other Funds. These include appropriated receipts, interagency contract revenue, bond proceeds, and certain constitutionally or statutorily dedicated funds (which should be itemized using MOF codes from *Method of Financing Codes*).

Appropriated Receipts. This includes all receipts—such as fees, reimbursements, and other revenue—received for an authorized service and appropriated to the agency usually to offset costs of providing the service. The MOF code for most appropriated receipts is 0666.

Important

For all Federal Fund MOF codes, ABEST requires agencies to enter data at the federal-program level using numbers assigned by the Catalog of Federal Domestic Assistance (CFDA). If a CFDA is not shown in ABEST, contact the Federal Funds Analysis Team at the LBB.

Method of Financing (continued)

The method of financing section in the Summary of Budget by Method of Finance Report should itemize Appropriated Receipts by specific appropriation authority, such as Article IX, Sec. 8.03 Reimbursements and Payments; Sec. 8.04 Surplus Property; or Sec. 8.08 Appropriation of Collections for Seminars and Conferences (2010–11 GAA).

Interagency Contracts. This method of financing includes funds received from another state agency in exchange for services, material, or equipment through a written agreement, and unless directed otherwise by the budget offices, does not include transfer of funds from another state agency due to enactment of legislation which transfers programs. The MOF code for interagency contracts is 0777.

The method of financing section in the Summary of Budget by Method of Finance Report should reflect the source of funds applicable to the fiscal year for which the amount was appropriated. An agency purchasing goods or services from another state entity uses the original method of financing (General Revenue, Federal Funds, etc.). The agency acting as the vendor or provider of goods or services uses interagency contracts as the method of financing.

Bond Proceeds. This method of financing includes appropriated funds from authorized general obligation or revenue bond issuances.

Types of Appropriation

There are eight types of appropriations. The Summary of Budget by Method of Finance Report should include descriptions that identify the appropriation authority for every type of appropriation included in the operating budget. See Summary of Budget by Method of Finance sample report on page 1 of Appendix II.B. for sample descriptions.

Regular Appropriations (RA). These are direct appropriations that are included in the agency’s method of financing table in the relevant General Appropriations Act (GAA). In the Summary of Budget by Method of Finance Report, MOF codes are organized by category of fund (General Revenue, General Revenue–Dedicated, Federal, and Other). “Regular Appropriations” is the first entry under each MOF code and all other entries are shown as adjustments to this amount. As previously indicated, for each method of finance, enter the Regular Appropriation amounts from the GAAs. Specifically, enter the Regular Appropriation amounts from the Conference Committee Report on House Bill 1, Eightieth Legislature (May 2007), for fiscal years 2008 and 2009 and from the Conference Committee Report on Senate Bill 1 (May 2009), for fiscal year 2010. (The Conference Committee reports can be found on the LBB website under Appropriations Bill Archive) For example, Senate Bill 1, Conference Committee Report (May 2009) appropriates a total of \$4,707,144 to the Commission on the Arts for fiscal year 2010, including \$1,024,769 in General Revenue, \$152,000 in Appropriated Receipts and \$980,000 in Interagency Contracts. The Summary of Budget by Method of Finance Report would list the Appropriated Receipts and the Interagency Contracts amounts as a Regular Appropriation under the Other Funds category, and the General Revenue amount as Regular Appropriations under the General Revenue Fund category.

Direct appropriations to agencies contained in Article XII, Sec. 1, Conference Committee Report on Senate Bill 1 should be grouped under Regular appropriations using MOF Code 0369 for ARRA receipts and the appropriation adjustment description, Regular Appropriations – Art. XII. Any General Revenue reductions contained in Article XII should be shown under Regular-Appropriations as adjustments to the

Method of Financing (continued)

General Revenue amounts contained in the method of financing table in the agency's bill pattern using the relevant appropriation adjustment description(s) listed on page 12.

Rider Appropriations (RI). These include amounts not specifically itemized in the agency's method of financing table in the GAA, but appropriated to the agency by a general, special, or agency-specific provision of an Appropriations Act. General Provisions are found in Article IX of the GAA; Special Provisions are at the end of some articles; and agency-specific provisions are at the end of the agency's bill pattern in the GAA. Show the correct provision for each rider amount. Examples of rider appropriations include: (1) Art. IX, Sec. 8.02 (2008–09 and 2010–11 GAA), which provides estimated appropriation authority for all federal funds, including ARRA receipts; (2) Art. IX, Sec. 14.03(j) (2008–09 and 2010–11 GAA), which provides unexpended (UB) authority, within the biennium, for all capital budget rider items; and (3) Art. XII, Sec. 4, Unexpended Balances.

Important

A rider appropriation does not include instances in which the rider only clarifies the purpose of certain funds appropriated to a strategy in the agency's bill pattern (e.g., the rider states that \$1 million for a particular program is included in the amounts appropriated above).

Supplemental, Special or Emergency Appropriations (SU). These include any source of legislative appropriations not contained in the General Appropriations Acts (for example, House Bill 4586, Eighty-first Legislature, Regular Session, 2009; House Bill 15, Eightieth Legislature, Regular Session, 2007; and House Bill 2, Eightieth Legislature, 2007). Amounts related to Governor's vetoes should be included in this category.

Governor's Emergency/Deficiency Grant (GV). Use MOF Code 8000 when the amounts are funded by General Revenue appropriations from the Governor's Office. Use MOF codes for specific General Revenue–Dedicated funds or accounts when the amounts are funded by General Revenue–Dedicated and note the origins in the Summary of Budget by Method of Finance Report as a Governor's Emergency/Deficiency Grant. Amounts related to Governor's grants for disaster assistance should be included in this category.

Transfers (TR). These include appropriations transferred to an agency for expenditure by the agency, and funds transferred from an agency for expenditure by another agency pursuant to a General Appropriations Act, budget execution order, or some other legislative authority. Transfers also include appropriation reductions required by legislation or Article IX or Article XII provisions (e.g., Art. XII, Sec. 12, Enhanced FMAP Allocation). Agencies should indicate funds received as a positive entry and funds transferred as a negative entry.

Each transfer should be listed individually under the appropriate category of fund. The following items **should** be classified as transfers:

- Budget transfers authorized by contingency appropriation provisions, for example, Article IX, Sec. 19.102, Contingency Appropriation for Senate Bill 1436 (2008–09 GAA);
- Employee salary increases authorized by Article IX, Sec. 19.62 (2008–09 GAA);
- Funds for the \$800 employee retention bonus authorized by Sec. 89, House Bill 4586, Eighty-first Legislature, 2009;
- Funds transferred by a budget execution order (do not reference cases in which budget execution authority transfers funds between strategy items within the agency);

Method of Financing (continued)

- Disaster-related transfers authorized by Article IX, Sec. 14.04 (2008–09 GAA and 2010–11 GAA); or
- Program transfers between agencies pursuant to legislation but not addressed in the General Appropriations Act or other appropriation bills.

The following items **should not** be classified as transfers:

- Benefit Replacement Pay and employee benefits (retirement, group insurance, Social Security) should not be included in the operating budget;
- The 50 percent reimbursement paid to the Texas Workforce Commission (TWC) for unemployment benefits pursuant to Article IX, Sec. 15.01 (2008–09 GAA and 2010–11 GAA). These are payments made from agency appropriations and should be treated as expenditures and included at the strategy level. Agencies that are required to reimburse TWC an additional 50 percent from unappropriated fund balances will show the additional 50 percent as a transfer; or
- Amounts transferred under the Statewide Allocated Cost Program pursuant to Article IX, Sec. 15.04 (2008–09 GAA and 2010–11 GAA). These amounts **when transferred from appropriated funds** should be treated as expenditures and included at the strategy level.

Unexpended Balance Authority (UB). These are funds carried forward from a prior year's appropriation as authorized by a specific provision in the General Appropriations Act or other legislative or constitutional authority (see Article IX, Sec. 6.01, 2010–11 GAA, for a complete definition). Agencies should include unexpended balances by category of fund and indicate amounts unspent and unobligated as a negative entry in the first year and a corresponding positive entry in the next fiscal year. If the UB authority is provided by a rider, it should be cited as a rider type of appropriation (described above; see Summary of Budget by Method of Finance example, page 1 of Appendix II.B.). Otherwise, indicate the specific carry-forward authority (usually a designated method of finance or strategy) and list as a UB type of appropriation. Agencies with UB authority for bond proceeds must provide a reasonable estimate of unencumbered and unissued appropriation balances appropriated by prior legislatures.

Base Adjustment (BA). Examples of entries under this appropriation type include adjustments to estimated strategy appropriations or methods of finance due to revised revenue receipts or changes in spending demands. Note that entries of this type should not include estimated appropriations for which the authority to adjust the amount is explicitly granted by an agency specific rider or General or Special provision; those adjustments should be cited and entered as a rider appropriation type.

Lapsed Appropriations (LA). Lapsed appropriations are amounts left unspent and unobligated at the end of a fiscal year. Uncollected revenue may be shown as a lapse or a revised receipt in another appropriation type. Do not include amounts identified as unexpended balances. Include amounts that have lapsed as a negative entry in the appropriate columns of the Summary of Budget by Method of Finance Report by each method of financing code. Estimate possible lapses for fiscal year 2010.

Full-time equivalent (FTE) positions

Agencies are required to submit summary information on FTEs. The FTE information appears in the final operating budget submission at the end of the Summary of Method of Finance Report; however, there is a separate ABEST data entry screen for FTE information.

Method of Financing (continued)

The FTE summary follows the same format described above for MOFs regarding the source for Regular Appropriations: an agency's authorized FTE cap as identified in the Conference Committee Report for House Bill 1 (May 2007) for fiscal years 2008 and 2009, and the Conference Committee Report for Senate Bill 1 (May 2009) for fiscal year 2010. Adjustments should be itemized following the Regular Appropriations using the remaining categories of appropriation types (rider, transfer, etc.) and specific authority for each.

Unless specific legislative exceptions have been made for an agency, the total adjusted FTEs reported as expended for fiscal year 2008 and 2009 should equal the average of the four quarterly FTE amounts reported to the Classification Division of the State Auditor's Office (SAO). The only exception would be for interagency FTE transfers due to program transfers. The FTE reports are available online at www.sao.state.tx.us (see Resources and Tools/Tools/Full-Time Equivalent (FTE) State Employee System). If applicable, fiscal year 2008 FTEs should be reduced by Article IX, Sec. 18.02(c) (2008–09 GAA). The end result should reflect the agency's average FTEs as reported by the State Auditor for fiscal years 2008 and 2009 and budgeted FTEs for fiscal year 2010.

As indicated in the Method of Financing and Strategy Detail instructions, the number of full-time-equivalent (FTE) positions associated with the actual and budgeted amounts for each strategy should be identified. The sum of the FTEs across all strategies must equal the Adjusted FTE total for each fiscal year included in the Summary of Budget by Method of Finance Report.

There are two additional categories of appropriation types unique to FTEs:

Request to Exceed Adjustments (RE). Under this appropriation type, list the incremental increase authorized by joint LBB/GOBPP approval of a request to exceed the agency's FTE cap. If there has been more than one approval to exceed the FTE cap, list each increase separately. Approvals by the LBB and GOBPP must be consistent to be effective. If there is a difference between the FTEs approved by the two offices, the lower FTE cap would be effective. Be sure to review both approval letters to determine if there are any differences between the budget offices.

Unauthorized Number Over (Below) Cap (UN). After all authorized adjustments to an agency's FTE cap have been entered, any difference between the agency's adjusted FTE cap and the actual number of FTEs (in completed fiscal years) or budgeted FTEs (in the current fiscal year) should be entered under this type of appropriation.

Number of 100 percent Federally Funded FTEs. In the separate data entry screen provided in ABEST for each fiscal year enter the number of FTEs that are included in the expended and budgeted FTE totals that are funded entirely with Federal Funds. Note that these FTEs are not in addition to FTEs entered in the summary of FTEs, but rather just describe a portion of them. Please include any new FTEs funded with ARRA receipts in these totals. Do not include FTEs that are partially funded with Federal Funds in these totals.

Part III. Strategy-level Detail

Purpose

This report summarizes historical and projected spending and performance information and links the strategy components to statewide goals, benchmarks and service categories.

Entering the Data to Generate the Reports

This is an ABEST-generated report. Goals, objectives, strategies and performance measures included in the Strategy-level Detail report must reflect the budget structure in Senate Bill 1 (published version, August 2009). The names of the ABEST data entry screens associated with this report may be found in the ABEST Data-entry Reference table on page 8. Please refer to *Preparing and Submitting Operating Budget in ABEST* (October 2009) for more detailed data entry instructions.

Performance Measures. The Strategy-level Detail report documents an agency's actual performance for all performance measures for fiscal years 2008 and 2009 and budgeted performance levels for fiscal year 2010. For 2010 budgeted performance, report the agency's projected performance for all measures, both key (those cited in the General Appropriation Acts) and non-key (those not included in the General Appropriation Acts, but that are a part of the agency's approved strategic planning and budget structure). Projected performance should be the agency's most current estimate, not necessarily the established target included in Senate Bill 1. Submission of the operating budget does not constitute a request to change the targets established in Senate Bill 1.

Objects of Expense. Enter strategy costs by the eighteen (18) objects of expense listed and defined in *ABEST Object of Expense Codes* on the LBB website (www.lbb.state.tx.us) under Agency Reference Documents. Incorporate all direct strategy costs, all capital budget costs allocated to the strategy and other direct capital costs. Refer to the Capital Budget section for more detail on identification and allocation of capital budget expenditures.

Method of Financing. Enter each fund/account and amount used as a funding source for the strategy for expended 2008 and 2009, and budgeted 2010. Refer to *Method of Financing Codes* on the LBB website (www.lbb.state.tx.us) under Agency Reference Documents. Federal funding sources must be detailed by *Catalog of Federal Domestic Assistance* (CFDA) number. A unique MOF code and CFDA numbers have been added to ABEST for the Federal American Recovery and Reinvestment Fund. See the Federal Funds Supporting Schedule for additional information and clarification regarding appropriate method of financing.

Number of Full-Time-Equivalent (FTE) Positions. Identify the total number of full-time-equivalent positions associated with each strategy and rider appropriation for expended 2008 and 2009, and budgeted 2010. Refer to pages 20-21 of Legislative Appropriations Request (LAR) Instructions - May 2008 for FTE definitions.

Transferred Programs. All fiscal year 2008 and 2009 expended and 2010 budgeted amounts, performance measure data, and FTEs associated with programs transferred by authorization of the General Appropriations Act, budget execution, or other statutory authority from one agency to another should be reported in the receiving agency's strategy detail and all summaries, as previously indicated. The transferring agency **should not report** any financial or performance data for the transferred program at the strategy request level, but should work with the receiving agency to provide necessary information. The transferring agency **should report** the authorization for the funds reduction in fiscal years 2008, 2009, and 2010 in the Summary of Budget by Method of Finance report only.

Part III. Strategy-level Detail (continued)

Rider Appropriations in the Strategy-level Detail. Appropriation and unexpended balance riders are to be included in the strategy-level amounts for each fiscal year.

Use of Sub-strategies in the Operating Budget

Agencies may be required to submit detailed budget information for certain strategies on a sub-strategy basis. When required, complete the Sub-strategy Detail and Sub-strategy Summary spreadsheets provided in electronic format on the LBB and GOBPP websites.

Checklist Items

Yes

- Do the totals for object of expense and method of financing balance for each strategy?
- Does the sum of the strategy-level detail reports equal the totals by fiscal year shown in the Summary of Budget by Method of Finance report?
- Does the sum of the FTEs in the strategy-level detail reports equal the Adjusted FTE totals by fiscal year in the Summary of Budget by Method of Finance report?
- Are rider appropriations, expenditures and FTEs for fiscal years 2008, 2009, and 2010 included?
- Is the CFDA number and the dollar amount under the heading "Federal Funds" in the method of financing section?
- Are ARRA receipts listed by the appropriate CFDA number and title and grouped under MOF Code 0369 under the "Federal Funds" heading in the method of financing section?

Part IV.A. Capital Budget Project Schedule

Purpose

This report:

- ▶ itemizes capital budget projects;
- ▶ classifies capital budget projects into defined categories; and
- ▶ provides information on historical and budgeted expenditures, method of financing, and type of financing for capital budget projects.

General Information

Each agency that has made expenditures for capital budget projects in fiscal years 2008 or 2009, or that anticipates expending appropriated funds for capital budget projects for fiscal year 2010, shall prepare and include a Capital Budget Project Schedule (see page 1 of Appendix IV.A.). For the purposes of the operating budget, the term “capital budget projects” shall have the definition established on pages 33–34 of the *Legislative Appropriations Request (LAR) Instructions – May 2008* (including the Special Instructions for Master Lease Purchase Program [MLPP] Acquisitions and Other Lease-Purchase Payments on page 38).

If applicable, the Capital Budget Project Schedule shall also reflect:

- expenditures for capital budget projects not originally included as part of the capital budget rider provision for an agency;
- expenditures for capital budget projects made under additional spending authority provided in Article IX, Sec. 14.03, Limitation on Expenditures – Capital Budget (2008–09 and 2010–11 GAA)
- contingency appropriations included in agency-specific riders and Article IX provisions (2010–11 GAA); and
- services under the Data Center Consolidation project, as defined by Government Code 2054, Subchapter L. Statewide Technology Centers.

Important

- Capital budget projects should reflect all funding sources, including interagency contracts (Code 0777) and federal funds (Code 0555).
- Amounts reflected in Category Code 5005, Acquisition of Information Resource Technologies, should be consistent with the agency’s approved Biennial Operating Plan (BOP).

The Capital Budget Project Schedule is an informational item only and should not be used to request authorization to exceed the capital budget expenditure limitations established by Senate Bill 1 (May 2009) in Article IX, Sec. 14.03, Limitation on Expenditures - Capital Budget.

Any ABEST Object of Expense code may be used for capital costs or for noncapital information costs with the exception that 2001 should be used for all data center consolidation costs, and 5000 may not be used for noncapital costs. The object of expense codes should detail asset acquisition costs and noncapital expenditures incurred in the acquisition or required to place the asset in service.

For fiscal year 2010, the Data Center Consolidation capital budget project should reflect agency estimates of data center consolidation costs, taking into consideration: program transfers authorized by the Eighty-first Legislature; changes in operation; utilization; and vendor credits associated with data center consolidation contract amounts.

Part IV.A. Capital Budget Project Schedule (continued)

Examples of noncapital expenditures to **include**:

- design consultant services for construction projects or acquisition of Information Resource Technologies;
- surveying fees incurred as part of a land acquisition;
- installation costs (e.g., remodeling required to house a mainframe computer); and
- data center consolidation cost and other Information Resource Technology contracts for services.

Examples of noncapital expenditures to **exclude**:

- cost of additional full-time-equivalent positions to operate a newly constructed prison; and
- utility, grounds maintenance, and other operating costs for a new facility.

Use Method of Financing (MOF) codes for each project entry. The method of financing should detail the source of funding by fund/account number(s).

- Use Method of Financing Code 0780 for General Obligation Bond proceeds.
- Use Method of Financing Code 0781 for Revenue Bond proceeds.

Use Type of Financing (TOF) codes to indicate the type of financing proposed for each project. Type of financing codes are:

CA - Current Appropriations	ML - Master Lease-Purchase Program (MLPP)
GO - General Obligation Bonds	LP - Other (non-MLPP) Lease-Purchase
RB - Revenue Bonds	

Entering the Data to Generate the Report

This is an ABEST-generated report. Refer to *Preparing and Submitting Operating Budget in ABEST* (October 2009), and the Data-entry Reference table on page 8 for data entry screen names.

Assign capital budget projects to appropriate capital expenditure categories. After entering the expended or budgeted amounts for each project for fiscal years 2008 through 2010, the ABEST report will group projects by category and create subtotals. See page 1 of Appendix IV.A.

Checklist Items

Yes

- Were capital acquisitions reviewed to determine whether they should be included in the Capital Budget Project Schedule? (This includes past, present, and future acquisitions as well as master-lease purchase program [MLPP] agreements.)

Part IV.B. Federal Funds Supporting Schedule

Purpose

This report:

- ▶ shows how Federal Funds support agency programs;
- ▶ provides historical and projected expenditures of federal funding sources, including Federal American Recovery and Reinvestment Act (ARRA) funds;
- ▶ assists in analysis of the impact of federal legislation on the state budget; and
- ▶ identifies Federal Funds and related General Revenue for employee benefits.

General Information

The Federal Funds Supporting Schedule identifies:

- state agency expenditures and projections of Federal Funds by program title and *Catalog of Federal Domestic Assistance* (CFDA) number;
- strategy-specific information for each federal program; and
- for agencies expending more than \$10 million in Federal Funds in fiscal year 2008, additional information related to employee benefits paid with Federal Funds and **General Revenue used as match for employee benefits or maintenance of effort for employee benefits.**

See page 1 of Appendix IV.B. for a sample report.

Entering the Data to Generate the Report

This is an ABEST-generated report. Refer to *Preparing and Submitting Operating Budget in ABEST* (October 2009) and the Data-entry Reference table on page 8 for data entry screen names. After entering method of financing for each strategy request and all additional required information in ABEST, generate the Federal Funds Supporting Schedule. The agency must set the status of the general budget submission in ABEST to “complete” before generating a final copy of the Federal Funds Supporting Schedule.

Federal Funds

Include all federal programs used as sources of agency funding, including those appropriated in House Bill 4586, Eighty-first Legislature, 2009.

- Select the appropriate method of financing code to identify Federal Funds:
 - 0555, the MOF code for most federal funds; and
 - 0369, the MOF code for Federal American Recovery and Reinvestment Act (ARRA) funds.
- Provide the *Catalog of Federal Domestic Assistance* (CFDA) number and title for each source of funding. Please note that there are unique CFDA numbers for all ARRA-related funding sources. Please refer to the LBB website (www.lbb.state.tx.us) under Agency Reference Documents for a complete list of ARRA-related programs and the respective CFDA numbers. If a CFDA number cannot be found in ABEST, call the Federal Funds Analysis Team at the LBB to get a number assigned to the program.
- Provide Federal Funds amounts for expended 2008 and 2009, and for budgeted 2010.

Part IV.B. Federal Funds Supporting Schedule (continued)

- Funds should be reported as “federal” by the agency expending the funds (which may not be the original recipient of the Federal Funds). Exceptions to this policy should be discussed with budget analysts of the GOBPP and the LBB.
- To ensure accurate counts of Federal Funds and reflect the actual expenditure of Federal Funds, use the following guidelines to report Federal Funds flowing through multiple entities:

Any portion of Federal Funds...	→	Should be reported as...
passed through to another state agency or institution of higher education	→	Federal Funds by the expending agency.* (not reported by initial recipient).
passed through to a non-state entity	→	Federal Funds by the initial recipient.

**Funds received via procurement contracts for goods or services should be reported as interagency contracts (not federal funds); they should be reported as federal funds by the original agency.*

Additional Funds for Employee Benefits

Agencies expending more than \$10 million in federal funds in fiscal year 2008 must:

- Identify by CFDA program expended 2008 and 2009, and budgeted 2010 amounts for employee benefits paid with federal funds (include group insurance, retirement, social security and benefit replacement pay).
- Identify expended 2008 and 2009, and budgeted 2010 amounts for employee benefits paid with General Revenue used as match or maintenance of effort in each federal program (include group insurance, retirement, social security, and benefit replacement pay).
- Do not include any additional funds for employee benefits in the strategy amounts.

Checklist Items	
Yes	
<input type="checkbox"/>	Does the report include all federal programs and grants?
<input type="checkbox"/>	Is the method of financing consistent with the instructions (e.g., reporting ARRA funds separately from regular federal funds as MOF Code 0369)?
<input type="checkbox"/>	If the agency meets the \$10 million federal funds threshold, does the report include expenditures and estimates for the related employee benefits (federal and state general revenue) for each program?

Part IV.C. Federal Funds Tracking Schedule

This report:

- ▶ cross-references annual federal awards with actual and projected state fiscal year amounts;
- ▶ provides historical and projected expenditures of federal funding sources, including Federal American Recovery and Reinvestment Act (ARRA) funds;
- ▶ assists in analysis of the impact of federal legislation on the state budget; and
- ▶ identifies federal funds carried forward from previous fiscal years.

General Information

This is an ABEST-generated report. For regular federal funds appropriations, this schedule will be requested by the LBB or GOBPP analyst on an as-needed basis, and the request(s) may be for one or more federal programs by CFDA number and title. See page 1 of Appendix IV.C. for a sample report. Article II, Health and Human Service agencies are required to submit this schedule for selected grants. Contact the budget analyst at either budget office for additional information.

For ARRA-related appropriations, all state agencies receiving ARRA funds (including those appropriated by House Bill 4586, Eighty-first Legislature, 2009) should complete the Federal Funds Tracking Schedule. For a complete list specific programs and related CFDA numbers, please refer to the LBB website (www.lbb.state.tx.us) under Agency Reference Documents.

Entering the Data to Generate the Report

Enter the requested information into ABEST. Refer to the Data-entry Reference table on page 8 for data entry screen names. Include any CFDA programs by number and title requested by the LBB or GOBPP analyst. (Refer to the LBB website, www.lbb.state.tx.us, under Agency Reference Documents for a complete list of ARRA CFDA numbers and titles). If a CFDA number cannot be found, call the Federal Funds Analysis Team at the LBB to get a number assigned to the program.

When entering “Federal Fiscal Year Grant/Award” amounts, begin with the original grant/award year and include all federal fiscal years which had/have funds available for expenditure (i.e., carry forward). For ARRA funds, include estimated amounts for fiscal years 2010 and 2011, if applicable.

Although additional funds for employee benefits are excluded in agency strategy amounts, in this Federal Funds Tracking Schedule, additional funds for employee benefits are **included. However, use the section at the bottom of this schedule to identify the employee benefit amounts for a given year. Employee benefits are a subset of the total expenditures.**

Checklist Items

Yes

- Have you supplied the additional information to identify employee benefits payment amounts?

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Part IV.D. Estimated Revenue Collections Supporting Schedule

Purpose

This report provides detail for actual and estimated revenue collections listed in the Method of Financing, by fund and/or account, for fiscal years 2008, 2009, and 2010.

General Information

Submit this schedule if any of the following apply:

- the agency has an “Appropriations Limited to Revenue Collections” rider in the current General Appropriations Act (2010–11 GAA);
- the agency collects any revenues, including those deposited to General Revenue or General Revenue–Dedicated accounts, which are budgeted in the agency’s Method of Financing, including riders;
- the agency is an Article II, Health and Human Services or Article VIII, Regulatory agency; or
- the agency is instructed to do so by the Legislative Budget Board or the Governor’s Office of Budget, Planning and Policy.

Do report Appropriated Receipts in this schedule.

Do not report Federal Funds in this schedule. Federal Funds are reported in the Strategy Request and can be printed using the Federal Funds Supporting Schedule.

Please include a separate section in the Estimated Revenue Collections Supporting Schedule for Earned Federal Funds if the agency is affected by Article IX, Sec. 6.22 (2010–11 GAA).

Entering the Data to Generate the Report

This is an ABEST-generated report. Provide the following information:

- fund or account names and number,
- beginning unencumbered balance of funds or accounts, as applicable;
- total estimated revenue, detailed by revenue code (excluding Federal Funds);
- transfers from funds or accounts;
- ending fund/account balance, if applicable; and
- assumptions used in projecting revenue.

Important

- Work with the GOBPP and/or LBB analyst(s) to determine the funds and accounts reported in this schedule.
- List total revenue collections, including the amounts collected above appropriated amounts.

Refer to the ABEST Data-Entry Reference table on page 8 for data entry screen names. See page 1 of Appendix IV.D. for a sample report.

Beginning Balance: For each fund or account, list actual unencumbered beginning balances for fiscal years 2008, 2009, and 2010. If revenues are deposited into a non-specific account in the General Revenue Fund, it is not necessary to calculate a beginning balance. Review House Bill 4583, Eighty-first Legislature, 2009; 2010–11 GAA; VTCA, Government Code Secs. 403.095 and 2201.003; other relevant statutes; and the Comptroller of Public Accounts Manual of Accounts to determine if the fund or account exists.

Part IV.D. Estimated Revenue Collections Supporting Schedule (continued)

Estimated Revenue: List actual revenue collections for fiscal years 2008 and 2009 and estimated collections for fiscal year 2010. List collections by revenue source using Comptroller's revenue codes. See reference document, *Revenue Object Codes* available on the LBB website. Revenue sources must include appropriated receipts and Article IX, General Provisions (2010–11 GAA) receipts specific to your agency.

The Estimated Revenue Supporting Schedule includes separate sections for each fund/account to which agencies deposit collected revenue. Agencies affected by Article IX, Sec. 6.22 (2010–11 GAA) should include a separate section in the Estimated Revenue Collections Supporting Schedule for Earned Federal Funds, using the following guidelines:

- include revenues collected and deposited into the General Revenue Fund as Comptroller revenue object codes 3602, 3702, 3726, 3851, 3965, 3971 and 3972; and
- use MOF Code 0888 as the fund/account in the Estimated Revenue Supporting Schedule.

Estimated revenues may exceed amounts budgeted.

Subtotal Actual/Estimated Revenues: Add all revenue sources.

Total Available: Add “Beginning Balance” and “Subtotal Actual/Estimated Revenues.”

Deductions: List deductions made from the fund/account, including:

- Amounts expended/budgeted including the 50 percent reimbursement paid from agency appropriations to the Texas Workforce Commission (TWC) for unemployment benefits;
- The additional 50 percent some agencies are required to reimburse TWC from unappropriated General Revenue-Dedicated and other special fund balances. These reimbursements are shown as transfers;
- Transfers for employee benefits (retirement, group insurance, Social Security, benefit replacement pay); and
- Rider reductions or transfers, such as Article IX, Sec. 17.01 Appropriation for a Salary Increase for State Employees in Salary Schedule C (2010–11 GAA), House Bill 4586, Sec. 89, Retention payments and emergency or deficiency grant amounts.

Do not include deductions comprised of federal funds, since federal funds are excluded from this schedule. Also, **do not** include depreciation costs or other tax deferral mechanisms.

Total Deductions: Add all deductions.

Ending Fund/Account Balance: Subtract “Total Deductions” from “Total Available” to determine Ending Fund/Account Balance. **The ending fund/account balance in a given year is the beginning balance for the next year.** Calculating an Ending Fund Balance is not necessary if revenues are deposited to a non-specific account in the General Revenue Fund.

Part IV.D. Estimated Revenue Collections Supporting Schedule (continued)

Pursuant to Article IX, Sec. 6.09 (2010–11 GAA), appropriation amounts from special funds or General Revenue – Dedicated Accounts may not exceed actual balances and available revenues in the fund/account. Accordingly, agencies may not show an estimated negative balance in a special fund or General Revenue – Dedicated Account. Any anticipated shortfalls in a special fund or General Revenue – Dedicated Account must be offset by an appropriation reduction in the Summary of Budget by Method of Finance Report.

Revenue Assumptions: List and explain assumptions used in estimating revenue collections **for each fund or account**, including current fee rates, potential increases or decreases in fee rates, and the impact of federal legislation on the collection of fees (e.g., increases in, decreases in, establishment of, or abolition of fees). Note whether fee rate changes require statutory amendments or governing board action.

Checklist Items

Yes

- Does “Beginning Balance” plus “Estimated Revenue” equal “Total Available”?
- Does expended/budgeted plus miscellaneous deductions equal “Total Deductions”?
- Does “Total Available” less “Total Deductions” equal “Ending Fund/Account Balance”?
- Does “Ending Fund/Account Balance” equal the next year’s “Beginning Balance”?
- Are associated employee benefit costs included in “Total Deductions”?
- Are explanations provided for the revenue assumptions, particularly for changes impacting revenue collections?

Part IV.E. Homeland Security Funding Schedule

Purpose

This schedule identifies expenditures related to homeland security by object of expense and method of financing. Corresponding full-time-equivalent positions are recorded; a description and funding amount for items are included; and attachments listing amounts passed through to local entities and state agencies or institutions of higher education are required. Part A of the schedule covers expenditures related to terrorism; Part B covers expenditures related to natural or man-made disasters.

General Information

This supplemental schedule applies to all agencies and higher education institutions that expend homeland security funds or pass through funds to other state agencies, institutions of higher education, or local entities for homeland security purposes.

Part A: Terrorism-related Expenditures

In determining terrorism-related expenditures, the following definition, adapted from the federal definition of “Homeland Security” followed by the Congressional Budget Office and the Administration’s Office of Management and Budget, is to be used.

“Homeland security expenditures are funds used to prevent terrorist attacks, reduce vulnerability to terrorism, minimize the damage from attacks that do occur, and assist in recovery from attacks. This effort includes activities such as protection of critical infrastructure and key assets, defense against terrorist threats, emergency preparedness, and response specifically related to terrorism.”

Note: Include border security funding to the extent that its use meets the definition provided above.

Part B: Natural/Man-made Disaster Expenditures

This section is designed to capture the remaining elements of “Homeland Security Activity” as defined in the Texas Administrative Code, Chapter 421, Subchapter A. Other homeland security activity expenditures are defined as expenditures related to natural or man-made disasters such as wildfires, hurricanes, floods, and tornadoes.

Completing the Form

This is an ABEST-generated report. Refer to *Preparing and Submitting Operating Budget in ABEST* (October 2009). Upon the request of analysts from the LBB or GOBPP, information will be submitted at the strategy level. See page 1 of Appendix IV.E. for a sample report.

Objects of Expense and Method of Finance

Amounts identified in the Object of Expense and Method of Finance sections should include all funding sources expended by the agency for state homeland security programs. Federal funds passed through to another state agency or institution of higher education should be reported as federal funds by the expending agency (not by the initial recipient). Funds received via procurement contracts for goods or services should be reported as interagency contracts (not federal funds); they should be reported as federal funds by the original agency. Federal funds passed through to a non-state entity should be reported as federal funds by the initial recipient.

Part IV.E. Homeland Security Funding Schedule (continued)

Full-time-equivalent (FTE) Positions

Identify the total number of FTEs paid with Homeland Security funding for each year.

Funds Passed Through to Local Entities and Other State Agencies or Institutions of Higher Education

Agencies that pass through funds to local entities and state agencies or institutions of higher education must submit attachments that list recipients by year and method of financing, including the *Catalog of Federal Domestic Assistance (CFDA)* number for each source of federal funds. Please provide the information for as many years as data are available.

Amounts shown in the attachment for local entities should be included in the expended amounts in the Homeland Security Funding Schedule. However, amounts shown as pass through to other state agencies or institutions of higher education should not be included in amounts reported in the Homeland Security Funding Schedule, since they are not expended by the initial recipient agency.

Use of Homeland Security Funds

List the strategies from which funds are expended and describe the type of activities or expenses included in the amounts (e.g., surveillance, equipment purchases, competitively bid grants, unit or positions supported by the funds, etc.). If relevant, also describe the methodology used for allocating costs to homeland security.