



*State of Louisiana*  
 DIVISION OF ADMINISTRATION  
 OFFICE OF PLANNING AND BUDGET

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 GOVERNOR

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 COMMISSIONER OF ADMINISTRATION

July 12, 2006

Dr. William Jenkins  
 President  
 Louisiana State University Board of Supervisors  
 3810 W. Lakeshore Dr.  
 Room 107  
 Baton Rouge, LA 70808

The General Appropriation Bill, House Bill 1 of the Regular Session, has become Act 17 of 2006. This Act contains a budget for the operation of your agency during the Fiscal Year 2006-2007 which is broken down as follows:

Agency Name      LSU System  
 Schedule No.      19A\_600

MEANS OF FINANCING

STATE GENERAL FUND (Direct)	\$	557,889,290
STATE GENERAL FUND BY:		
Interagency Transfers		338,792,609
Fees & Self-gen. Revenues		351,303,599
Statutory Dedications:		
Tobacco Tax Health Care Fund		28,152,765
2 Percent Fire Insurance Fund		140,000
Higher Education Initiatives Fund		9,730,365
Fireman Training Fund		2,327,313
Support Education In LA First Fund		23,860,767
Equine Health Studies Program Fund		750,000
FEDERAL FUNDS		63,479,155
 TOTAL MEANS OF FINANCING	 \$	 1,376,425,863

EXPENDITURE AUTHORIZATION

	State General Fund	Total Financing
LSU Board of Supervisors	\$ 6,028,371	\$ 6,028,371
Authorized Positions	(21)	
LSU Baton Rouge	189,722,265	396,700,373
LSU Alexandria	8,005,310	16,162,165
University of New Orleans	54,015,338	118,665,691
LSU Health Sciences Center - New Orleans	126,671,861	209,579,914
LSU Health Sciences Center - Shreveport	48,752,202	371,719,381
E A Conway Medical Center	6,818,203	84,348,319
LSU - Eunice	7,567,411	13,408,663
LSU - Shreveport	13,565,930	28,069,490
LSU Agricultural Center	76,595,965	100,226,645
Paul M. Hebert Law Center	8,057,158	18,457,958
Pennington Biomedical Research Center	12,089,276	13,058,893
<b>TOTAL AUTH. POSITIONS &amp; EXPEND.</b>	<b>(21) \$ 557,889,290</b>	<b>\$ 1,376,425,863</b>

Expenditures made under the authority of Act 17 of the 2006 Regular Session of the Louisiana Legislature (Act 17) are subject to the provisions of Preamble Sections 1-18 as well as Title 39 of the Louisiana Revised Statutes (LRS).

### **MID-YEAR ADJUSTMENTS (BA-7s)**

Section 2 of Act 17 deals with the addition of federal, self-generated, dedicated and interagency transfer funds and [Section 73C of Title 39](#) provides for transfers from one program to another with the approval of the Division of Administration and the Joint Legislative Committee on the Budget (JLCB). Transfers among appropriated programs also must comply with procedures outlined in [Policy and Procedure Memorandum 52 Revised](#).

Use the BA-7 form and questionnaire to request a mid-year appropriation adjustment. The BA-7 form (MS Excel file) and questionnaire (MS Word file) are available on the Office of Planning and Budget (OPB) [website](#) under “PBB Forms and Guidelines/Budget Forms/Mid-year Adjustment (BA-7) Forms.”

BA-7 requests requiring JLCB approval must be submitted to the OPB, JLCB, and Legislative Fiscal Office a minimum of sixteen (16) working days prior to consideration by the JLCB (see Preamble Section 17 of Act 17). This Appropriation Letter package includes the schedule for submission of BA-7s requiring JLCB approval. The person(s) from your agency most knowledgeable about items on the agenda of the JLCB **must** be present at these hearings to answer detailed questions.

The Division of Administration takes a firm position on timely submission and full justification of BA-7 requests. The agency deadline noted on the JLCB BA-7 schedule is the **last** possible day for submission. However, submission of a BA-7 on the deadline date does not guarantee that the BA-7 will be on the agenda for the next JLCB meeting. To allow sufficient time for a thorough analysis by the OPB, your BA-7 requests should be submitted as early as possible rather than on the deadline date. As a reminder, the 2007 Regular Legislative Session will begin on April 30, 2007. The scheduling of a JLCB meeting is difficult at best during a legislative session. Therefore, it is recommended that you plan ahead and submit BA-7s prior to that time frame. BA-7s that are not submitted in accordance with scheduled deadlines will be considered only when extreme circumstances requiring immediate action exist.

**The OPB will not accept a request for which the BA-7 form and/or questionnaire is incomplete.**

If information (financial or performance) on the BA-7 form and questionnaire is insufficient to justify the request, the OPB will return the BA-7 request for further information. If a BA-7 is not submitted in time for a thorough financial and performance analysis, it will not—except when the OPB determines that extreme circumstances requiring immediate action exist—be placed on the JLCB agenda.

**In no case should actions that require BA-7 approval be undertaken prior to completion of the approval process.** The Division of Administration and the JLCB take a hard-line approach to "after the fact" BA-7s. As a result, BA-7s that are submitted after expenditures are made pursuant to the BA-7 may be summarily denied.

### **APPROPRIATION ACCOUNTABILITY**

It is each agency's responsibility to allocate the Appropriated Program (AP) from the "Budget Development Organization Unit" to the proper Organization Units and Object Codes. Object codes are provided in the [Uniform Chart of Accounts](#). **The deadline for spreading your budget at the object code level is August 15, 2006.** Failure to spread the budget by the deadline may render a particular budget unit or program unable to draw warrants or process mid-year adjustments.

Be sure your spread is an accurate reflection of the expenditure category allocations determined during FY 2006-2007 budget development.. Be prepared to explain and justify significant deviations from those expenditure category allocations.

**The OPB will review and take action on all APs, Expenditure Budget transactions (EBs) and Revenue Budget transactions (RBs) in the Advantage Financial System (AFS).** All proposed adjustments of APs, EBs, and RBs must be explained in detail (to the object code level) and justified prior to OPB approval. This includes your initial budget spread as well as subsequent realignments during the fiscal year. APs, EBs, and RBs must be in agreement. The forms and instructions are located on the OPB website.

Incomplete or insufficiently justified proposals will be returned without action. You should avoid transfers that use one-time savings to fund recurring expenses. Further, any transfer of funding from the Salaries category may effectively result in a subsequent reduction of positions associated with that funding. Failure to spread or realign the budget into the proper object codes and organizations may cause unnecessary budgetary problems—delays in transaction processing in the current year as well as complications in analysis and development of the ensuing fiscal year budget.

### **MANDATORY COST ALLOCATIONS FOR STATE EMPLOYEES GROUP BENEFITS AND STATE RETIREMENT SYSTEMS**

Section 8 of Act 17 contains language regarding the cost assessment allocation proposed by the Office of Group Benefits and language that may impact the budget unit of each agency regarding the state retirement allocation. For FY 2006-2007, the retirement rate is 19.1% for the Louisiana State Employees Retirement System and 15.8% for Teachers Retirement System. Reflect the costs of these allocations when you spread your budget.

## **UNEMPLOYMENT COMPENSATION PAY**

As you are aware, the state unemployment compensation program is self-insured. The Louisiana Department of Labor (DOL) processes and pays unemployment insurance liabilities filed by eligible former workers of the state. Your agency is directly responsible for payment to the DOL.

It is vital that you pay these claims timely because DOL's assessment of interest and penalties on delinquent bills is severe. Under the provisions of [R.S. 23:1543\(A\)](#), the DOL assesses an interest fee of 1% per month, and then adds the interest amount to the unpaid balance and charges a 5% penalty on the sum of those two amounts. The penalty is progressive, meaning the amount for month two is 10%; for month three, 15%; and so on, to a maximum of 25% per month. For example, the first month of interest and penalty payment on an unpaid balance of \$745,000 is calculated as follows:

$\$745,000 \times .01 = \$7,450$ ;  $(\$745,000 + \$7,450) \times .05 = \$37,623$  or total interest and penalties of \$45,073.

Based on the calculations above, the interest and penalties for the second month would be \$87,698 and for the third month, \$134,481.

**The legislature passed Act 7 of the 2006 1<sup>st</sup> Extraordinary Session (Act 7), which enacts exceptions to the above provisions. Please read Act 7 to determine whether the exceptions apply to your budget unit.**

## **RISK MANAGEMENT PREMIUMS**

During the budget process, an amendment was adopted increasing risk management premiums for Fiscal Year 2006-2007. Funds have been set aside in Act 17 of the 2006 Regular Session (page 267, lines 42-49). The allocations of these funds are not included in the appropriations of the budget units contained in this package. Act 17 (page 268, lines 1-6) authorize the Commissioner of Administration to allocate additional funds for the payment of risk management premiums according to a plan approved by the JLCB. Once the plan is approved by JLCB, OPB will request BA-7s.

## **PERFORMANCE ADJUSTMENTS**

In order to ensure adoption of the most accurate expectations of agency performance within the state budget, performance data contained in the adopted budget may, under certain circumstances, be adjusted at the beginning of the fiscal year. The OPB urges agencies to take advantage of the opportunities provided under [R.S. 39:87.2C](#) to request appropriate performance adjustments. To do so, submit complete, signed, original hard copy requests (using the Performance Adjustment Request form) to the OPB, JLCB, and Legislative Fiscal Office, no later than 5:00 pm, Tuesday, August 15, 2006. The Performance Adjustment Request form (MS Excel file) and guidelines (MS Word file) are available on the OPB [website](#) under "PBB Forms & Guidelines." All requested adjustments are subject to review and approval by both the OPB and the JLCB. The JLCB generally hears performance standard adjustment requests in September. The person(s) from your agency most

knowledgeable about performance items on the agenda of the JLCB meeting must be present at this meeting to answer detailed questions.

### **POSITION CONTROL**

Only employees in the permanent state work force should be paid from expenditure codes 2100, 2130, and 5200, in accordance with AFS Uniform Chart of Accounts definitions:

2100 Salaries - Classified-Regular: Compensation paid to full-time or part-time classified employees hired on a continuing basis;

2130 Salaries-Unclassified-Regular: Compensation paid to full-time or part-time unclassified employees hired on a continuing basis; and

5200 AUX Programs-Salaries: Salaries that are related to auxiliary programs.

Therefore, payments for salaries from these expenditure codes for employees in the classified and unclassified state service are limited to those employees with permanent or probational status. Any changes in positions, in either number or classification, are subject to the provisions of [Title 39, Section 84](#). Furthermore, all requests for personnel action submitted to State Civil Service should reflect the proper expenditure code for the position affected.

To the extent that you have position information in the ISIS HR system, **it is imperative that you maintain that information with regard to the appropriate salary code**, because OPB will use the HR system to examine your filled positions and vacancies in FY 2006-2007 and determine the salary recommendations for FY 2007-2008. Adjust the position count in the ISIS HR System in accordance the Commissioner's memorandum dated February 9, 2006, regarding ISIS/HR Data and Budget Development.

All positions, other than those paid out of Other Compensation and Other Charges expenditure categories, should be placed in the authorized Table of Organization (T.O.). Other Charges positions must conform to the criteria below.

#### **Criteria for Other Charges Positions:**

1. The position is authorized to be occupied for one year or less.
2. The agency does not have the authority to hire and terminate the employee.
3. The position is seasonal but not permanent.
4. The position has legislative authority to be excluded from the authorized T.O.

All positions for which the department has the authority to employ and terminate the individuals, and the positions are designated for more than one (1) year, should be placed in the authorized T.O. If you have reason to deviate from this policy, please contact your OPB budget analyst.

### **CONTINGENCY APPROPRIATIONS**

This notification represents your total appropriated budget level for FY 2006-2007. However, the following departments have contingency appropriations:

1. Department of Transportation and Development - Office of Public Works
2. Department of Transportation and Development - Office of Engineering
3. Department of Corrections – Adult Probation and Parole
4. Department of Public Safety – Office of State Police
5. Department of Natural Resources - Office of Coastal Restoration

Should a contingency appropriation become effective you will be notified as to the procedures.

### **CONTENTS OF COMPLETE APPROPRIATION LETTER PACKAGE**

The following documents are included in the entire Appropriation Letter package. Please ensure that the proper personnel acquire all of these documents. These documents can be accessed by email or OPB website.

1. Appropriation Letter
2. Schedule for BA-7s requiring JLCB approval
3. Risk Management Premium notice
4. Act 17, the General Operating Appropriation Act. You should review for any special language and contingencies affecting appropriations and gubernatorial vetoes.
5. AFS Documents – AP, RB, EB
6. Legislative Tracking
7. Performance Standards as initially appropriated in Act 17
8. Performance Adjustment Request Form
9. Performance Adjustment Request Guidelines
10. Memorandum regarding ISIS/HR Data and Budget Development
11. Contingency Appropriation, if applicable

If you have any questions regarding your appropriation or need additional information, please contact your OPB budget analyst.

Sincerely,

Ray L. Stockstill  
Director

RLS/brd  
Attachments