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ANGELE DAVIS
COMMISSIONER OF ADMINISTRATION

State of Louisiana
Division of Administration
Office of Planning and Budget

July 8, 2010

Dr. John Lombardi
President
Louisiana State University System
3810 W. Lakeshore Dr.
Room 107
Baton Rouge, LA 70808

The General Appropriation Bill, HB 1 of the Regular Session, has become Act 11 of 2010; HB 76 of the Regular Session, has become Act 41 of 2010. These Acts, Sections 8 and 9 only for Act 41, contain budgets for the operation of your agency during the Fiscal Year 2010-2011 which is broken down as follows:

Agency Name Louisiana State University Board of Supervisors
Schedule No. 19-600

MEANS OF FINANCING

STATE GENERAL FUND (Direct)	\$ 430,802,730
STATE GENERAL FUND BY:	
Interagency Transfers	527,738,989
Fees & Self-gen. Revenues	404,956,851
Statutory Dedications:	
Tobacco Tax Health Care Fund	24,806,917
2 Percent Fire Insurance Fund	210,000
Overcollections Fund	7,258,000
Higher Education Initiative Fund	287,620
Support Education In LA First Fund	22,182,162
Equine Health Studies Program Fund	750,000
Fireman Training Fund	3,523,950
FEDERAL FUNDS	<u>83,583,141</u>
TOTAL MEANS OF FINANCING	<u>\$ 1,506,100,360</u>

EXPENDITURE AUTHORIZATION

		State General Fund	Total Financing
LSU Board of Supervisors		6,095,022	8,859,170
Authorized Positions	(67)		
LSU Baton Rouge		137,750,466	429,894,223
Authorized Positions	(5,111)		
LSU Alexandria		6,895,905	19,289,818
Authorized Positions	(264)		
University of New Orleans		41,779,723	119,346,418
Authorized Positions	(1,499)		
LSU Health Sciences Center - New Orleans		68,319,983	179,799,539
Authorized Positions	(3,279)		
LSU Health Sciences Center - Shreveport		44,334,167	431,564,699
Authorized Positions	(5,030)		
E A Conway Medical Center		10,823,454	81,338,067
Authorized Positions	(906)		
Huey P Long Medical Center		11,727,705	59,213,433
Authorized Positions	(552)		
LSU - Eunice		5,481,984	13,139,248
Authorized Positions	(196)		
LSU - Shreveport		10,156,205	30,374,781
Authorized Positions	(374)		
LSU Agricultural Center		67,827,185	97,786,069
Authorized Positions	(1,398)		
Paul M. Hebert Law Center		5,859,701	20,823,957
Authorized Positions	(111)		
Pennington Biomedical Research Center		13,751,230	14,670,938
Authorized Positions	(451)		
TOTAL AUTH. POSITIONS & EXPEND.	(19,238)	\$ 430,802,730	\$ 1,506,100,360

Expenditures made under the authority of Act 11 and Act 41 (Section 8) of the 2010 Regular Session of the Louisiana Legislature are subject to the provisions of Preamble Sections 1-18 of Act 11 as well as Title 39 of the Louisiana Revised Statutes (LRS).

MID-YEAR ADJUSTMENTS (BA-7s)

Section 2 of Act 11 deals with the addition of federal, self-generated, statutory 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's (OPB) website under "**Forms, Guidelines and Memos – Budget Forms and Instructions – 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.A. of Act 11). This Letter of General Appropriation 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 2011 Regular Legislative Session will begin on **April 25, 2011**. 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 when the BA-7 form and/or questionnaire are 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 requiring 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 13, 2010.** 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 initial budget spread is an accurate reflection of the expenditure category allocations determined during FY 2010-2011 budget development. Movement among expenditure categories is not allowed for the initial budget spread. Be prepared to explain and justify significant deviations from those expenditure category allocations.

The OPB will review and take action on all AP, 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. 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.

AGENCY COST ASSESSMENTS FOR STATE EMPLOYEES GROUP BENEFITS AND STATE RETIREMENT SYSTEMS

Per Section 8.D. of Act 11 "In the event that any cost assessment allocation proposed by the Office of Group Benefits becomes effective during Fiscal Year 2010-2011, each budget unit contained in this Act shall pay out of its appropriation an amount no less than 75% of total premiums for all active employees and those retirees with Medicare in accordance with R.S. 42:851(A)(1) for the state basic health insurance indemnity program."

Per Section 8.E. of Act 11 "In the event that any cost allocation or increase adopted by the Joint Legislative Committee on Retirement as recommended by the Public Retirement Systems' Actuarial Committee becomes effective before or during Fiscal Year 2010-2011, each budget unit shall pay out of its appropriation funds necessary to satisfy the requirements of such increase."

The retirement rates for FY 2010-2011 are: 22% for the Louisiana State Employees Retirement System, 20% for Teachers Retirement System, and 50.9% for State Police 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 Workforce Commission (LWC) (formerly the Louisiana Department of Labor) processes and pays unemployment insurance liabilities filed by eligible former workers of the state. Your agency is directly responsible for payment to the LWC.

It is vital that you pay these claims timely because the LWC's assessment of interest and penalties on delinquent bills is severe. Under the provisions of R.S. 23:1543(A), the LWC 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:

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

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

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 8:00 AM, Monday, August 16, 2010.**

The Performance Adjustment Request form (MS Excel file) and guidelines (MS Word file) are available on the OPB website under "**Performance Based Budgeting – Performance Accountability – August 15th Performance Standard Adjustment Request (PAR)**." 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/or 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 probationary 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 ISIS HR system to examine your filled positions and vacancies in FY 2010-2011 and determine the salary recommendations for FY 2011-2012. Adjust the position count in the ISIS HR System in accordance with the Commissioner's memorandum issued July 1, 2010, 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.

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. Letter of General Appropriation
2. Schedule for BA-7s requiring JLCB approval
3. Risk Management Premium notice
4. Act 11 and Act 41 of the 2010 Regular Session of the Legislature should be reviewed for any special language affecting appropriation and gubernatorial vetoes.
5. AFS Documents – AP, RB, EB
6. Legislative Tracking
7. Performance Standards as initially appropriated in Act 11 and Act 41 of the 2010 Regular Session of the Legislature
8. Performance Adjustment Request Form

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9. Performance Adjustment Request Guidelines
10. Memorandum regarding ISIS/HR Data and Budget Development

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



Sincerely,

Ray L. Stockstill
Assistant Commissioner

RLS/RB

Attachments