



State of Louisiana
 DIVISION OF ADMINISTRATION
 OFFICE OF PLANNING AND BUDGET

KATHLEEN BABINEAUX BLANCO
 GOVERNOR

JERRY LUKE LEBLANC
 COMMISSIONER OF ADMINISTRATION

July 12, 2007

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 18 of 2007. This Act contains a budget for the operation of your agency during the Fiscal Year 2007-2008 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)	\$	653,171,587
STATE GENERAL FUND BY:		
Interagency Transfers		348,587,230
Fees & Self-gen. Revenues		340,694,931
Statutory Dedications:		
Tobacco Tax Health Care Fund		27,081,357
2 Percent Fire Insurance Fund		210,000
Higher Education Initiatives Fund		11,178,530
Fireman Training Fund		2,327,313
Support Education In LA First Fund		25,147,988
Equine Health Studies Program Fund		750,000
FEDERAL FUNDS		64,484,828
TOTAL MEANS OF FINANCING	\$	1,473,633,764

EXPENDITURE AUTHORIZATION

	<u>State General Fund</u>	<u>Total Financing</u>
LSU Board of Supervisors	\$ 124,502	\$ 124,502
LSU System Office	10,633,556	10,633,556
LSU Baton Rouge	230,053,696	436,384,799
LSU Alexandria	10,719,873	18,770,546
University of New Orleans	65,719,650	123,437,839
LSU Health Sciences Center - New Orleans	120,554,564	207,803,456
LSU Health Sciences Center - Shreveport	64,870,938	396,932,666
E A Conway Medical Center	12,536,402	87,269,457
LSU - Eunice	8,687,454	13,913,560
LSU - Shreveport	17,546,142	31,819,503
LSU Agricultural Center	86,099,095	109,724,797
Paul M. Hebert Law Center	9,432,233	19,693,306
Pennington Biomedical Research Center	16,193,482	17,125,777
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TOTAL AUTH. POSITIONS & EXPEND.	0 \$ 653,171,587	\$ 1,473,633,764

Expenditures made under the authority of Act 18 of the 2007 Regular Session of the Louisiana Legislature (Act 18) 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 18 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 2 of Act 18). 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 2008 Regular Legislative Session will begin on **March 31, 2008**. 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, 2007.** 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 2007-2008 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 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 18 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 2007-2008, the retirement rate is **20.4%** for the Louisiana State Employees Retirement System and **16.6%** 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 1st Extraordinary Session, which enacts exceptions to the above provisions. Act 288 of the 2007 Regular Session extends the deadline for reimbursement of unemployment benefits of state and local governments and eligible nonprofit organizations during a gubernatorially declared disaster or emergency. This legislation continued exceptions to the above provisions. Please review Act 288.

LEGISLATIVE AUDITOR FEES

An amendment was adopted increasing funding, above that contained in the Executive Budget, for legislative auditor fees, for Fiscal Year 2007-2008. The allocations of these funds have been included in the appropriations of certain budget units with other budget units needing to submit a BA-7 to add the funding. See the Legislative Auditor Fees spreadsheet on the OPB website for a listing of budget units needing to submit a BA-7. If you are in doubt please contact your Budget Analyst.

\$30 MILLION STATE GENERAL FUND REDUCTION

An amendment was adopted in HB 828 (Act 48) of the 2007 Regular Session that authorizes and directs the commissioner of administration to make necessary adjustments to appropriations contained in the General Appropriations Act (Act 18), to effect a State General Fund savings not to exceed \$30,000,000. To the extent your Budget Unit has been assessed such an adjustment you will see the adjustment reflected in the "Legislative Tracking Report" attachment to this letter.

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, 2007. 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 2007-2008 and determine the salary recommendations for FY 2008-2009. 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 2007-2008. However, the following departments have contingency appropriations:

1. Office of the Attorney General
2. Commissioner of Insurance
3. Department of Health and Hospitals – Medical Vendor Payments
4. Department of Natural Resources - Office of Coastal Restoration and Management
5. Other Requirements – Supplemental Pay to Law Enforcement Personnel
6. Other Requirements – XXX Funds

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. Legislative Auditor Fees
5. Act 18, the General Operating Appropriation Act. You should review for any special language and contingencies affecting appropriations and gubernatorial vetoes.
6. AFS Documents – AP, RB, EB
7. Legislative Tracking
8. Performance Standards as initially appropriated in Act 18
9. Performance Adjustment Request Form

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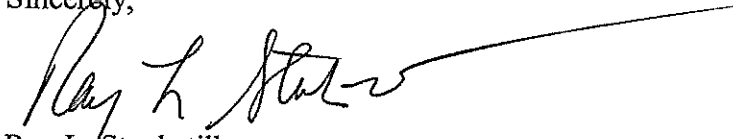
General Appropriation Letter

July 12, 2007

10. Performance Adjustment Request Guidelines
11. Memorandum regarding ISIS/HR Data and Budget Development
12. Contingency Appropriation, if applicable

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ray L. Stockstill", with a long horizontal line extending to the right.

Ray L. Stockstill

Director

RLS/ab

Attachments