OFFICE OF STATE FINANCE
DIVISION OF THE BUDGET
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May 18, 2007

FY-2008 Budget Work Program Instructions

State law (Title 62, Section 41.7c) says that agency Budget Work Programs (BWPs) are due "On or before the first day of June in each year, or as soon thereafter as possible..."

Once the Regular Session of the Legislature is over and appropriation bills have been enacted, the BWP needs to be submitted to OSF **via the PeopleSoft (CORE) Budgeting System**. Please be sure to accommodate all law changes that impact the agency for FY-2008. In the event of a Special Session, we will notify agencies of any changes in the process that will be necessary.

Agency directors and / or finance officers are still required to provide a separate explanation of the assumptions and methodologies used in developing the FY-2008 BWP. Please be sure to read the requirements and address each of them in the material you send to us.

New This Year

- Position Budgeting is optional this year.
- Training was held in April for agencies interested in obtaining an Agency Coordinator role for their Finance / Budget Staff. This new role allows agencies to run extract processes more efficiently at the business unit level, run model recalculations (recalcs) and view model checkouts online.
- Agencies will be able to run the Position Distribution Calculation this year (you will only do this if you are using the Position Budgeting function).
- Please avoid using the **"Spread Evenly"** function in your line-item budget. This function causes rounding error (unless the amount is evenly divisible by 4 if you budget quarterly or 12 if you budget monthly) in reporting and exporting to the General Ledger. As an alternative you can use the "Apply to All" function to apply the same amount to all periods.
- Agencies should enter their appropriated funds as revenue in their Line-Item budgets using the 631000 (if you budget at the Roll-Up level) or 631110 (if you budget at the Detail level). This process will allow agencies to see all revenues on their online analysis.
- Data Processing plans for FY-2008 are due by July 1st to the OSF Data Processing Division.

Work Session Schedule

Working sessions will be conducted beginning June 5th. The work sessions will be located in the first floor training room of the Will Rogers (DCS) Building. Here is the current work session schedule. We will contact you through Jeanie Robards with any changes:

Day	Date	Begin	End
Tuesday	June 5th	9:00 am	2:00 pm
Thursday	June 7th	9:00 am	2:00 pm
Tuesday	June 12th	9:00 am	2:00 pm
Thursday	June 14th	9:00 am	2:00 pm
Tuesday	June 19th	9:00 am	2:00 pm
Thursday	June 21st	9:00 am	2:00 pm
Tuesday	June 26th	9:00 am	2:00 pm
Thursday	June 28th	9:00 am	2:00 pm

Budgeting Expenditures by Program and by Quarter

Your budget should be prepared showing detailed information (at the seven-digit department level) for the programs identified by the Legislature in your annual appropriations bill and by OSF and legislative fiscal staff.

You should also submit your budget showing quarterly (can be monthly in the new system) expenditures based on when the money will actually be paid out. In other words, if you typically only pay two months worth of rent in the first quarter, then budget only that amount in the first quarter. Apply the same logic to your various departments and expenditure account codes for each quarter (month), as well as to your revenue account estimates.

The PeopleSoft system (through Position Budgeting) automatically spreads personnel costs evenly over all periods. In order to more accurately reflect the increase in benefits costs at the first of the 2008 calendar year, agencies can use the adjustment line in Line-Item Budgeting. However, it will not be a requirement this year for agencies using Position Budgeting. But, remember to build the projected benefit increase into the amount that is spread evenly over all periods.

If your agency is **not** using Position Budgeting in FY-2008, please show the projected increase for benefits at the beginning of the 2008 calendar year in the appropriate account line in Line-Item Budgeting.

Please note that the fourth quarter budget amounts will include expenditures to be made during the fourth quarter plus expenditures normally made after the end of the fiscal year. The total FY-2008 BWP should reflect the total expenditures you plan to make for FY-2008 operations (whether the funds are spent in FY-2008 or in subsequent periods).

Budget Work Program Assumptions

To complete your BWP submission, you must explain the assumptions used to develop your budget. As a part of the BWP instructions, we've included some new material that will help you provide this information.

For each of the programs administered in your agency, explain caseload assumptions, inflation factors, and workload models you utilized in developing your budget. The data you provide should represent how you determined the funding needs for each program. Your agency has goals and objectives that are measurable, and these should be reported. Please remember, you included goals and measures in the FY-2008 Budget Request. It is suggested that you review that information, update it and include it with your BWP submission.

Also include an explanation of the assumptions used in your revenue projections -- assumptions about fees, fines and forfeitures, etc. Please indicate if you use historical receipts trends or more sophisticated forecasting methodologies. Revenue assumptions should specifically indicate whether revenues are increasing or decreasing from the previous fiscal year, by how much and why for each continuing fund and each program.

More information on providing these assumptions is included at the end of these instructions.

FY-2007 Carryover Budgeted in FY-2008

Lapse date language for FY-2007 appropriations generally allows those funds to be carried forward to the FY-2008 budget. There are several factors to keep in mind as you include these carryover funds in your FY-2008 budget.

1. Most FY-2007 funds can be used in FY-2008 once they are removed from the FY-2007 budget. Unless specifically changed by other legislation, the purpose of the appropriation does not change. Therefore, if an FY-2007 appropriation for "Motor Vehicles" was not entirely used in FY-2007, the amount that carries over to FY-2008 must still be used for "Motor Vehicles".
2. These carryover funds need to be budgeted in the FY-2008 Budget Work Program before they can be spent for FY-2008 obligations.
   a) A new appropriation number will be assigned to these carryover funds;
   b) These funds have to be removed from the FY-2007 BWP prior to being programmed in FY-2008;
   c) Agencies will not be able to budget carryover funds in their initial FY-2008 budget, but will be able to do a revision in FY-2008 to budget them in their FY-2008 BWP;
   d) If not re-budgeted for FY-2008 prior to November 15, 2007, most unexpended FY-2007 funds will lapse and the agency will lose them.

Program Budget Structure

FY-2008 Budget Model Surveys were sent to agency Finance officers on February 22, 2007. These surveys allowed you to request changes to your department structure, among other things, for FY-2008. If you did not turn in a survey, your FY-2008 budget model will be set up the same as your FY-2007 budget model (i.e. account and period level – detail or summary, position budget defaults for benefits and longevity and department structure).

For appropriated agencies, budget divisions (activities) are specified in your annual appropriations bill. Any requested changes to your agency's program budget structure should tie closely to programs outlined in the agency appropriation bill. You are encouraged to work with your OSF and legislative analysts in developing a budget that more closely ties to the programs provided by your agency. If you need to change this structure, you will be asked to provide a worksheet showing your current approved structure in the left-hand column and the proposed structure in the right-hand column.

Appropriation Line-items

Appropriations for FY-2008 included in agency appropriation bills will be effective July 1, 2007 or after. Various bills passed by the legislature to adjust or finalize agency appropriations may not have an emergency clause and may have an effective date of September 1. Appropriation adjustments can take several different forms and because of the later effective date, the amount of monthly cash allocations to your agency and the date on which we will allot these funds will be affected.

Check the effective date of the appropriations made to your agency. If the agency reconciliation bill contains an increase and / or decrease and is passed without an emergency clause, the appropriation changes made in the bill will not go into effect until September 1. For example, if an agency's reconciliation bill passed with decreased funding from 197 General Revenue and an increase in funding from the Special Cash Fund or another fund but did not pass with an emergency clause, the agency will receive 1/12 of the amount appropriated in XB XXX, the General Appropriations Bill for July and August. The decrease in General Revenue and increase in funding from other funds will be effective for the remaining ten months of the fiscal year. Please note, no funds / accounts, whether it is an increase or decrease, will be allotted prior to the effective date of the appropriation.

On the next page is a brief table describing when you can budget and allot these funds, and how cash allocations will be calculated for these funds. Generally, appropriations or appropriation changes that do not have an emergency clause in the enacting legislation will be effective with September allocations.

In all cases, funds should not be budgeted for expenditure in periods prior to when the cash will be made available to you.

Appropriations	Can Be Budgeted	Can Be Allotted	Cash Allocations will be based on
Agency appropriation bill not subsequently Amended	Full amount – now	July 1	1/12th of Total (a)
Reconciliation Bill Actions with no emergency, amendments to agency appropriation bill to increase the amount	Full amount – now	July 1	1/12th of total agency appropriation bill amount for July & August; 1/10th of the increase in appropriation from Sep. through June
Reconciliation Bill Actions with no emergency, amendments to agency appropriation bill to decrease amount	Decreased amount - now	July 1	1/12th of the amount appropriated in the agency appropriation bill effective July 1, decrease will be effective Sep. 1 and incorporated in allocations from Sep. through June
Appropriation changed or added in a bill with Emergency Clause and July 1 effective date	Full amount – now	July 1	1/12th of total (a)
Reconciliation Bill – appropriation from any cash fund with no emergency	Full amount – now	September 1	100% of total in Sep. allocation

(a) or 100% if from a cash appropriation. Much of common education's funds are distributed 1/11th of total for August through June.

If you have a situation not described above, call your budget analyst for guidance.

Employee Salaries

As a reminder to you, Title 74, Section 840-2.17 prohibits employee pay raises not authorized by the Legislature and OPM rules. Keep in mind that all personnel actions require certification by appointing authorities that the action can be implemented for the current fiscal year and the subsequent fiscal year without the need for additional funding to increase the personal services budget. If you have any questions about pay issues, contact the Compensation Division of the Office of Personnel Management, (405) 522 -0422.

Retirement System Contributions

Oklahoma Public Employees Retirement System (OPERS), the employer contribution rate increases to 13.5% [74 OS, Section 920 (5)].
Oklahoma Uniform Retirement System for Justices and Judges (OURSJJ), the employer contribution rate increases to 5.5% (20 OS, Section 1103.1).
Oklahoma Teachers Retirement System (OTRS), the employer contribution rate will be 7.85%.

Oklahoma Police Pension and Retirement System (OPPRS), the employer contribution rate is expected to continue at 13%.
Oklahoma Law Enforcement Retirement System (OLERS), the employer contribution rate will continue to be 10%.

F.I.C.A. Rates

Agencies' budget models are set up to account for the blended FICA rate over the two calendar years within our fiscal year (CY-2007 = $98,500 and CY-2008 = $102,300) F.I.C.A. taxes should be calculated using 7.65% [6.2% FICA plus 1.45% Medicare Qualified Federal Employee (MQFE)] on the first $98,500 of taxable wages and 1.45% MQFE on all wages above $98,500 for CY-2007. F.I.C.A. taxes should be calculated using 7.65% [6.2% FICA plus 1.45% Medicare Qualified Federal Employee (MQFE)] on the first $102,300 of taxable wages and 1.45% MQFE on all wages above $102,300 for CY-2008.

Note: In the CORE Budget system, the amount that is shown on the **Position Data Record** for taxes is not the correct amount, but the amount calculated for online analysis, reporting and line-item budgeting is correct. Do not change the amount shown in the Position Data Record.

Unemployment Taxes

In calendar year 2007, the annual tax rate is 1% of the employer's maximum base of $13,200 for a total maximum of $132 per employee per year (1% x $13,200 = $132). Agencies will be notified if calendar year 2008 information is changed.

Health Insurance Rates

The state will continue to provide each employee a fixed monthly benefit allowance (see charts on next page). The actual employer cost will depend on whether or not the employee chooses to cover their dependants. The actual employee cost will depend on which plan is chosen by the employee. If the chosen plan results in a higher cost than the benefit allowance provided by the State, the employee will pay the difference. If the chosen plan results in a lesser cost, the employee will be allowed to take the difference as taxable income or apply it to additional benefits. The State will again be providing funds for part of the employee's dependent benefit allowance.

Note that any appropriations made to your agency for cost increases were made based on some estimate that will no doubt be different than what your agency may actually experience in cost increases. Generally, agencies are not receiving more funding to cover cost increases that occurred in January 2007, or for estimated increases in January 2008. It is still the responsibility of your agency to budget a full year operations for your FY-2008 BWP. This means you will have to absorb any difference between what was appropriated to your agency and what the actual cost may be. If you have questions about rates, contact the Employees Benefits Council at (405) 232-1190 for details on rates and for information on what the employer (State) cost will be for your agency.

Employee Benefit Allowance Chart (from EBC) for the plan year ending December 2007 (effective January 2007).

	Base Amount	Dependent Amount	Total

Employee only	$525.59		$525.59
Employee and 1 child	525.59	242.26	767.85
Employee and 2 children	525.59	321.13	846.72
Employee and spouse	525.59	495.82	1021.41
Employee, spouse and 1 child	525.59	738.08	1263.67
Employee, spouse and 2 children	525.59	816.95	1342.54

Estimated Employee Benefit Allowance Chart This chart is based on a projected increase in HMO standard (high) options and HealthChoice High health premiums only. The statutory formula for calculating the employee benefit allowance mandates that the premiums for the HMO standard (high) options be used, even though most employees now using HMO's choose the alternative (low) option. This statutory requirement exacerbates the increase in the employee benefit allowance because premium costs for the HMO standard (high) options have been increasing at much greater rates than the HMO alternative (low) options. For example, while the Health Choice High and HMO alternative (low) premium rates might increase by about 15% for 2008, the HMO standard (high) rates are expected to possibly increase by 30% or more. A major reason that the premium rates for the HMO standard (high) options are increasing so much faster than the HMO alternative (low) options is "adverse selection." As fewer employees choose the HMO standard (high) option, due to higher premiums, those employees that remain with the HMO standard (high) option, which has higher benefit levels, tend to be less healthy. In response, the HMO's must raise the premiums for this option at a higher rate to accommodate the higher utilization of medical services by this less healthy group of employees. This leads to a "death spiral" whereby fewer and fewer people select the standard (high) plan, with that decreasing population's poorer health status placing further pressure to increase the premium rates for the standard (high) plan. In short, only 3,000 employees out of 37,000 state employees (8%) choose the HMO standard (high) option while nearly 10,000 (27%) choose the HMO alternative (low) option, but the premiums for HMO standard (high) options are a primary factor in calculating every employee's benefit allowance paid by state agencies.

The following factors are taken into consideration when providing the projected increase:

1. regional HMO medical and prescription drug trend increases of 11-15%, coupled with a less healthy population, linked to an older than average workforce and the blended inclusion of early retirees
2. adverse selection being realized by the HMOs, as they are richer plans, which attract the less healthy population
3. the exacerbation of this adverse selection by offering the standard and alternative plans.

The Benefit Allowance formula, which is currently based on the cost of the high option health plans, dental, life & disability premiums (the core benefits package that makes up the Benefits Allowance) may actually increase more or less than these estimates which would change this Benefit Allowance projection. Therefore, it is important to note these figures could vary significantly from actual once known which will not be until August 2007.

For Plan Year Beginning January 1, 2008	Base Amount	Dependent Amount	Total
Employee only	647.61		647.61
Employee and 1 child	647.61	308.27	955.88

Employee and 2 children	647.61	407.66	1055.27
Employee and spouse	647.61	629.19	1276.80
Employee, spouse and 1 child	647.61	937.46	1585.07
Employee, spouse and 2 children	647.61	1036.85	1684.46

Wellness Mentoring Program

In an effort to lower insurance costs and to improve the health of State employees, EBC offers a unique and effective solution called the OKHealth mentoring program. The program was implemented for all active state employees in January 2006 and is designed to incorporate wellness, disease management, and health mentoring into a single comprehensive wellness program.

Participants are required to complete an orientation packet and detailed health risk assessment, which stratifies participants into one of five risk tiers, based on potential health problems. Each risk tier determines the frequency of mentoring as well as goals and action plans for the participants. To encourage employee participation in the program, employees are eligible to receive two wellness incentives. The first incentive includes an initial visit to a primary care physician and lab work at no out-of-pocket cost to the participants. The second wellness incentive is a discount at a participating fitness center. A third possible incentive being offered by some agencies is the OKHealth pay incentive. Agency directors have the authority to offer financial incentives to employees in an effort to encourage participation. The Office of Personnel Management has promulgated administrative rules governing the financial incentive program. Agency directors have the option of selecting a financial incentive of $100.00, $300.00 or $500.00 per employee during the first year of participation. The incentive payout will be based on employee participation throughout the program year. For example, an agency electing to offer a $100.00 incentive will award the employee with $25.00 for completing the enrollment process, which includes completing a health risk assessment, obtaining clinical lab work, and establishing goals and action plans with an assigned mentor. An additional $25.00 will be awarded for completing twelve weeks of mentoring. The final award of $50.00 will be made for completing a twelve-month follow-up evaluation.

To budget for financial incentives, agencies can anticipate up to thirty percent participation. Therefore, it is recommended that agencies take thirty percent of their total FTE count and multiply that number by $100.00, $300.00 or $500.00, depending on the level authorized by the agency director. EBC will work directly with the participating agency throughout the program year to determine the timing of incentive awards. Financial incentives are considered taxable income and will be issued as a supplemental to regular pay. The Office of State Finance requires participating agencies to issue the financial incentive under deduction code number 552140.
Questions may be directed to Nancy Haller, Manager, State Wellness Program, (405) 232-1190 extension 120.

Deferred Savings Incentive Plan

For FY-2008, the $25 per month which the State provides as a match for employee contributions to the Oklahoma Employees Deferred Savings Incentive Plan (SoonerSave) will be paid by each agency when payrolls are prepared, as they were in FY-2007. The administrative fee paid by the State for each qualified participant is being reduced from $1.73 to $1.65 per month, from 80 cents to 76 cents on a bi-weekly basis, and from 87 cents to 83 cents on a semi-monthly basis. If you have questions contact the Oklahoma Public Employees Retirement System at (405) 858-6737.

Organizational Chart

The FY-2008 Budget Work Programs is not complete without the latest organizational chart. The chart should be in sufficient detail so that each position in the agency can be identified by referring to the chart. The chart should also display the lines of authority within the agency. If you have questions about the chart, contact your budget analyst. Please review this item. Some charts submitted in previous years have not met the requirements. This year the charts need to be complete.

Budgetary Limits / FTEs

Appropriation bills for FY-2008 again include legislated budgetary and program limits. In most cases, limits that are established prescribe maximums (the language is specific and will be self-explanatory) that an agency can program or budget. The limits may apply to expenditures or to the number of full-time-equivalent (FTE) employees. The language in the limits section may be different than the standard language. Please read it. If you have questions, contact your budget analyst.

FTEs and Expenditures Excluded from Budget Limits

If the agency has a special situation where some FTEs or expenditures are excluded from agency limits, please indicate the authority for this exemption (usually a statutory citation) and FTEs and amounts that are excluded in the budget assumptions letter. Agencies should include position numbers and statutory or legislative authority.

Agencies (both those using and not using Position Budgeting) need to submit a hard copy Form 47.1 listing all exempt FTE. Please find these forms on the OSF website Budget > Budget Work Program Forms and Instructions > Form 47.1.

Requirements for Agencies NOT Using Position Budgeting in FY-2008

Position Budgeting is optional in FY-2008. Agencies entering their personnel budgets directly into the Line-Item budget will submit a hard copy Form 47 detailing FTE information by Department (fill out the same as using the ICS system). Form 47's need to match the Line-Item amount for the 511XX0 by department. Agencies can find the Form 47 on the OSF website Budget > Budget Work Program Forms and Instructions > Form 47.

Revenue Budget

Agencies should enter their appropriated funds as revenue in their Line-Item budgets using the 631000 (if you budget at the Roll-Up level) or 631110 (if you budget at the Detail level). This process will allow agencies to see all revenues on their online analysis.

Also remember, all agencies that program expenditures from continuing funds (revolving funds, federal funds, etc.) must submit revenue account information for each agency fund **through the PeopleSoft line-item budgeting process** which will then be summarized in the Estimate of Income Report. Please estimate the amount of revenue by revenue account that will be deposited in each agency fund by quarter/month depending on your budget model. Remember that this data will be used to help gauge whether or not revenues are coming in as expected - help make these reports useful.

In order for this report to capture the information, the line-item with the revenue must have a class fund and budget reference. Agencies can also choose to put all revenue in one single department (for convenience) or spread it out over the appropriate departments. Just remember the Estimate of Income Report only tracks the revenue by fund and revenue code, not department.

OSF analysts will be reviewing the forecasting methodologies and may contact you about assumptions you use. Please be as specific as possible regarding these revenue estimates.

Data Processing Expenditures and the Data Processing Plan

In order to acquire the Office of State Finance's (OSF) approval for Information Technology and Telecommunications purchases for FY-2008:

1) The Information Technology (IT) and Telecommunications (telecom) Plan for FY-2008 must be entered electronically, by July 1, 2007, via the following URL: www.ok.gov/osf/itt_reporting. Initial passwords and instructions were provided to all agency IT Staff. You may contact the OSF Help Desk for additional assistance (helpdesk@osf.ok.gov).

2) The plan must include the IT and Telecom Operations Budgets, as well as the individual projects planned for FY-2008. The plan is a one year operations plan focusing on specific projects and costs by predefined categories. Agencies have the capability to plan by Division.

3) Individual projects identified must be detailed (software, PC's, servers, printers, mainframe, consulting services, etc.) in the agency's one year plan.

4) Please notify the OSF's Help Desk via email, when the agency plan is complete.

5) Access will be limited after July 1, 2007. Pre-approved agency staff may request authorization from the OSF help desk to make changes.

Debt Service Payments

For FY-2008 agency appropriations may have been adjusted to reflect the FY-2008 debt service obligations. Regardless of the accuracy of these adjustments, for FY-2008 you must provide for and pay your full debt service payments. For some agencies in this situation, this means you will have to absorb the full appropriation reduction in other operations. Please provide information on debt service payments paid by the agency in FY-2007, the debt service payments required in FY-2008 and the amount of appropriations increased or decreased to accommodate the change. See suggested table on the next page:

Debt Service Table

Project Name	Native American Center
Date of Issuance	May 12, 2006
Amount of Bond Issue	$32,907,833
Number of Years to Repay Bonds	Twenty-five years

Request to Allot the FY-2008 Budget Work Program

Statutes require that each spending agency's executive officer sign the budget work program and allotment requests. Included in the BWP packet is an example of a statement that each agency head will be required to sign and submit before the FY-2008 Budget Work Program will be approved and allotted.

The statement you are being asked to sign is a request for allotment of the FY-2008 Budget. The statement also verifies that the FY-2008 Budget complies with legislated budgetary limits, line-item appropriations and current statutes regarding state employee pay increases. The statement also verifies that the FY-2008 Budget has been submitted to provide for a full year of operation and debt service payments without the need for a supplemental appropriation.

Revisions to the FY-2008 BWP during the year will require a similar request to be submitted. A copy of the required statement is in the packet.

Request Officer

Statutes also allow each agency to designate a "request officer" who can submit revisions and requests for allotment of the budget. If the agency director desires to designate a request officer, please use this document. The request officer can then submit revisions to the budget and request allotment of the same.

Budget Transfers

Once the BWP has been submitted and approved, the agency must spend according to the accounts that have been established in the budget. Funds budgeted for the "Administration" division cannot be spent for the "Care and Custody" division. Funds appropriated for the "Motor Vehicles" division cannot be spent for the "Enforcement" division.

The State Transfer Law (Title 62 Section 41.46) allows for transfers between program categories and between appropriation line-items. Pursuant to state law:

1. Up to 25% can be transferred with approval of the Director of State Finance and up to 40% with Contingency Review Board (CRB) approval.
2. All transfer requests must be signed by the administrative head of the agency or the designated request officer.
3. OSF Form 48P (Transfer Form) **in portrait format only** must be submitted to
   a. (1) the Chairman of the House Appropriations and Budget Committee (Representative Chris Benge, attention to Barbara Porter) (include a copy of the revision forms and the Allotment Request Revision Letter with assumptions letter).,
   b. (2) the Chairman of the Appropriations and Budget Committee (Senator Johnnie Crutchfield). In the Senate all transfer information should be delivered to Randy Dowell of the Senate Fiscal Staff (include a copy of the revision forms and the Allotment Request Revision Letter with assumptions information), and

c. (3) the Office of State Finance to the attention of the Director of State Finance (include the Allotment Request Letter with assumptions information).

Once submitted, the Legislative Oversight Committee on State Budget Performance has twelve days to disapprove the request. If not disapproved, the transfer will be processed by OSF or forwarded to the CRB (percentages over 25%). Transfers take a minimum of thirteen calendar days to process based on the time given to the oversight committee for review.

The transfer process can be used to:

1. transfer program expenditure limits between programs,
2. transfer funds between line-item appropriations or
3. transfer budgeted funds between activities / programs.

Inflated Budgets

Agencies do not have to budget to the legislated maximums. If a particular limit is $10,000 but the agency only needs to spend $5,000 to accomplish the task or objective, then you should only budget $5,000. If the agency is authorized 250 FTE employees but can only fund 220, then budget only those employees the agency can adequately fund.

Budgets that inflate estimated revenues, expenditures or FTEs beyond what can be justified or what is reasonable will not be approved even if they are within legislated limits. If such inflated items are discovered after approval, the budget may be placed on hold until it is revised.

Budget Assumptions

The statement explaining the assumptions used in developing the revenue and expenditure projections should be attached to the "Allotment Request Letter".

Revenue assumptions should address all revenues collected by the agency. Specifically indicate whether revenues are increasing or decreasing from the previous fiscal year, by how much and why for each continuing fund. Explain how the agency estimated the amounts to be collected for each fund. Each major funding source should be addressed by indicating estimated changes in the rates, number of items, etc.

Expenditure assumptions should explain the net increase (or net decrease) in the agency budget from last fiscal year to the new fiscal year. Please provide a summary of changes by division (old 2-digit activity level) and explain the changes. Agencies do not need to explain every dollar, but assumptions should adequately explain significant increases and decreases from the prior fiscal year.

Please include an adequate explanation of the following items. Be sure to include a description of actions taken by the agency to absorb budget reductions. Provide the following information by program:

1. When comparing numbers from FY-2007 to FY-2008, please include the full number, not just the change (for instance: ".we're estimating an increase in caseload of 25, taking it to 75 for '07; or ".our estimates are based on increasing the provider rate to $24 per case; an increase of $2 from '06.");

2. Caseload information including projected changes in the number of clients served from last year to this year;
3. Appropriate performance measures and targets;
4. Rate adjustments (increases or decreases) for service providers;
5. Anticipated cost increases or decreases in service contracts;
6. Planned expenditures for special projects;
7. Agency reorganizations;
8. Personnel adjustments;
9. Any generic inflationary factors used;
10. A list of debt service payments budgeted (for each debt / bond issue: list the purpose of the debt issuance, then amounts by fund and subactivity for each) (See Page 8 concerning the required Debt Service Table);
11. Changes in fees charged or in the number of charges made; and
12. Other pertinent budget assumptions.

Included at the end of this instruction packet is a copy of the checklist the budget division uses to review the information provided in the assumptions. This should help you determine what to include in your letter.

Use of Old Object of Expenditure Codes

Agencies were informed during the initial implementation of the new CORE System and in FY-2006 BWP instructions that certain Object of Expenditure codes (now expenditure account codes) have been discontinued and will not be available for budgeting purposes in the new PeopleSoft Budgeting System. Obsolete codes were object codes 19 [except 19(130), Flexible Benefits Administration], 29, 39, 49, 59, or 69.

Please refer to the Office of State Finance (OSF) website, CORE Oklahoma, CORE News, Valid Account Codes for use in CORE System; Obsolete Object Codes. If you have questions on object (account) code use, please contact Steve Wilson at (405) 521-4679.

Final Note

Remember that the BWP expenditures must be balanced to funds available, must tie to line-item appropriations, and must comply with the various budgetary employee and expenditure limitations.

If you have any questions about submitting your BWP, please contact your Budget Analyst. Also, remember your PeopleSoft End User Guide, the CORE website (CORE News > Budget Memos) and “Guidelines and Documentation” in your budget model are all good references

Attachments:
Request to Allot the FY-2008 Budget Work Program
Request to Allot a Revision to the FY-2008 Budget Work Program
FY-2007 OSF BWP Checklist

OSF Forms 47 and 47.1 and OSF Form 48P Transfer Form **(Form 48P must always be submitted in portrait format)** are available on the OSF website in Excel format. Agencies not using PeopleSoft Position Budgeting must provide OSF Form 47 information via means of the OSF Form 47 mentioned above. Agencies which have exempt employees (i.e., exempt from agency FTE limits) must supply information previously included in OSF Form 47.1

via the Form 47.1 mentioned above (if you have questions on reporting exempt employees, please contact your budget analyst).

{TO BE TYPED ON AGENCY LETTERHEAD}

{Date}

Request to Allot the FY-2008 Budget Work Program

Mr. Tony Hutchison
Director of State Finance
Attention: Budget Division

Dear Mr. Hutchison:

Please allot the FY-2008 Budget Work Program (BWP) submitted to you on {date}. The BWP complies with all legislated budgetary limitations and any line-item appropriations made to our agency. The BWP has been developed to fully fund FY-2008 operations and debt service payments based on the agency's best estimates of need at this time. The agency has not built into this budget the need for supplemental appropriations. In addition, this BWP provides for salary increases only as authorized by the Legislature and Office of Personnel Management rules (pursuant to Title 74, Section 840-2.17).

{Note: include the following paragraph only if you wish to designate a Request Officer}

As authorized by Title 62, Section 41.7, I hereby designate ___{name}___ as our agency "request officer" thereby authorizing them to submit revisions to our FY-2008 BWP and to request allotment of the same.

Executive Officer	-Signature	______________________________
	-Name (typed)	______________________________
	-Title (typed)	______________________________
Request Officer	-Signature	______________________________
	-Name (typed)	______________________________
	-Title (typed)	______________________________

Attachments: assumptions regarding the development of our FY-2007 BWP

{TO BE TYPED ON AGENCY LETTERHEAD}

{Date}

Request to Allot a Revision to the FY-2008 Budget Work Program

Mr. Tony Hutchison
Director of State Finance
Attention: Budget Division

Dear Mr. Hutchison:

Please allot the revision to the FY-2008 Budget Work Program (BWP) submitted to you on {date}. The BWP as revised complies with all legislated budgetary limitations and any line-item appropriations made to the agency. The BWP as revised has been developed to fully fund FY-2008 operations and debt service payments based on the agency's best estimates of need at this time. The agency has not built into this budget the need for supplemental appropriations. In addition, this BWP as revised provides for salary increases only as authorized by the Legislature and Office of Personnel Management rules (pursuant to Title 74, Section 840-2.17).

This revision [include revision number here] is necessary because {please describe the situation that makes this revision necessary. Describe any program changes or personnel changes involved and if there is any effect on future budget requirements because of this revision, explain them and how they will be addressed.}

Please include revised information on your forecasting methodologies and assumptions in a separate attachment.

Executive Officer	-Signature	____
or	-Name (typed)	____
Request Officer *	-Title (typed)	____

*** If a Request Officer has been designated by the Executive Officer**

Attachments: revised assumptions regarding the development of our FY-2008 BWP

FY-2008 OSF BWP Checklist

All items must be okay before approval and allotment of the BWP. Check each item in the box to the left of it as it is properly completed.

Program Budgets

	Does the department (previously activity / subactivity) structure used in the BWP correspond with the programs limits section in the agency appropriation bill? **Y / N**	If not, figure out the difference and go see the Budget Division Director.
	If the structure is different than last year, has it been approved by the Budget Division Director? **Y / N**	If not, go see the Budget Division Director.
	Does the structure being used adequately reflect the expenditure detail needed to properly ascertain agency program costs? **Y / N**	If not, figure out what would make more sense and then go see the Budget Division Director.

Expenditures: Budgeting by Quarter and Inflated Expenditures

	Have the expenditures been budgeted quarterly or monthly? **Y / N**	If not, the agency needs to correct the BWP or provide some legal exception for them to not budget by quarter.
	Do the expenditures appear to be inflated when compared to last year? **Y / N**	If so, the BWP needs to be reduced to a reasonable level.

Appropriation Line-items

	Are all line-item appropriations fully budgeted? **Y / N**	If not, the agency must explain why appropriations are not fully budgeted.
	Are the-line items budgeted in the proper activities and subactivities? **Y / N**	If not, they need to be corrected.
	Are line-items that are transferred to another fund handled appropriately? **Y / N**	If not, they need to be corrected.

Employee Salaries

	Does the BWP include raises for employees? **Y / N**	If so, they need to be explained and proper justification needs to be provided in the allotment request letter.
	Are all statutorily limited salaries budgeted within the limits? **Y / N**	If not, they need to be corrected or an acceptable explanation needs to be provided.

Retirement System Contributions / FICA Rates

	Is the agency's system-generated retirement percentage within the parameters expected (17% to 20%)? State retirement = 12.5% of salaries; FICA = 7.65% of salaries; Total 20.15% of salaries. **Y / N**	If not, the agency must include a written explanation of why the budgeted amounts for retirement contributions are not within expected parameters.

Health Insurance Rates / Unemployment / Workers Comp

	Is the system-generated insurance per FTE amount within expected parameters ($5,000 to $14,000)? Health Insurance rates are on Page 6 of BWP in-	If agency amounts are outside these parameters, the agency must include a written explanation of why their amounts are not within expected pa-

	structions. "Insurance" includes state share of health insurance, workers compensation insurance (contact CompSource Oklahoma for rates) and Unemployment Insurance. **Y / N**	rameters. The main justification will be higher cost workers compensation premiums for higher risk positions.

Organizational Chart

	Is the agency organizational chart included? **Y / N**	BWP cannot be approved without it.
	Is the chart in proper detail as required? **Y / N**	If not, the agency needs to prepare one with the requested detail.

Budgetary Limits / FTEs

	Are all exempt employees budgeted correctly and properly documented in agency budget assumptions? **Y / N**	Assumptions need to explain agency budgeting of seasonal FTE's, Carl Albert Interns or other positions specifically exempt from the agency's FTE limit.
	Are all positions limited in number by the legislature within the limit? **Y / N**	If not, the BWP needs to be corrected.

FTEs and Expenditures Excluded from Budget Limits

	Does the BWP comply with all legislated budgetary expenditure limits? **Y / N**	If not, the BWP must be corrected or adequate explanation must be provided.

Estimates of Income to Continuing Funds (Form 33 Report)

	Is the revenue budgeted quarterly or monthly as requested? **Y / N**	If not, the agency must correct the BWP.
	Are the revenue assumptions adequately explained for each agency continuing fund? **Y / N**	If not, the agency must provide adequate explanation as requested.
	Do revenue estimates appear to be inflated? **Y / N**	If so, the agency needs to modify them to an acceptable amount or adequately explain the increases they budget.

Debt Service Payments

	Has the agency properly budgeted for debt service payments? **Y / N**	If you can't identify it in the budget, contact the agency to see where it is.
	Do the agency assumptions provide detail on the debt service amounts (i.e., has the agency provided the new Debt Services Table, pg. 10)? **Y / N**	If not, have them provide a new letter, and fix the BWP if needed.

Request to Allot the FY-2008 Budget Work Program

	Is required language included in the letter? (see below):	If not, the agency needs to include all items.
	Debt service payments are fully budgeted and the amount is included? **Y / N**	If these items are left out because the agency did not do them, then the BWP needs to be corrected.
	Agency can operate all year without supplementals? **Y / N**	
	Only authorized salary increases are provided? **Y / N**	
	Has the director signed the letter? **Y / N**	
	If a request officer has been designated, have they signed the letter? **Y / N**	

Budget Assumptions

	Does the information summarize the changes from last year to this year? **Y / N**	If not, each item needs to be addressed in the agency BWP assumptions letter.
	Are explanations provided for each program? **Y / N**	
	Are appropriate benchmarks or measures of performance provided? **Y / N**	
	Does the agency explain changes in services to be provided? **Y / N**	