

Common Budget Terms

Below are some common terms used throughout the budget process.

Annualization A reduction or increase in the proposed budget to convert a mid-year change to an annual (yearly) basis. Example (1) if a \$100,000 reduction is made half-way through the current fiscal year, a \$200,000 reduction must be applied to the proposed budget for the next fiscal year to annualize the reduction. Example (2) if rent is increased by \$10,000 per month starting January 1st, a \$60,000 increase must be applied to the proposed budget for the next year to annualize the increase.

Carryforward Appropriations from the prior fiscal year that are budgeted again in the new fiscal year. At the end of the fiscal year, agencies often have obligations or liabilities (such as contracts and purchase orders) for which the agency has not received the goods or services and has not provided payment for that reason. The commissioner of administration may, with the approval of the Joint Legislative Committee on the Budget, incorporate into the new fiscal year's appropriation any appropriations from the prior fiscal year against which bona fide obligations existed on the last day of the fiscal year. No transactions shall be approved in this manner after the forty-fifth day following the last day of the fiscal year. The Office of Planning and Budget non-recurs carryforwards each year as part of the budget development process.

Excess Budget Authority A budgeted amount from the previous year that is no longer needed to support agency operations. Excess budget authority could be revenue that may never have been collected or expenditures that may never have been spent. For example, an agency may have a \$1 million reduction in printing costs, so the \$1 million in funding for printing will be removed from the proposed budget as excess budget authority with concurrent reduction of \$1 million in expenditures.

Existing Operating Budget The initial operating budget plus any adjustments (increase or decrease) on a date specified. The state operating budget is adjusted throughout the year through action by the Joint Legislative Committee on the Budget, the Interim Emergency Board, the legislature, or the governor in accordance with provisions of law. For example, an agency may receive a new federal grant. In the event the agency has insufficient federal fund budget authority, its budget must be adjusted upward to provide budget authority to spend the new funds.

Fiscal Year The period that government uses for accounting purposes and in preparing financial statements. Louisiana's fiscal year is from July 1st to June 30th. The fiscal year is often expressed as FY XX-XX. The first XX is the beginning year of the fiscal year and the second XX is the ending year (FY 13-14). If the fiscal year is expressed as one number (FY 14) then the number used is the ending year of the period.

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Full-time Equivalent (FTE) The employee count adjusted to reflect the number of full-time positions. FTE is a unit of measurement that indicates the workload of an employed person in a way that makes workload comparable across various contexts. For example, a full-time employee works 40 hours per week and equals one FTE. Two part-time employees who work 20 hours per week also equal one FTE.

Means of Finance (MOF) The sources of funding to pay for budget expenses. The Executive Budget and the General Appropriation Bill (House Bill 1) include the following Means of Finance:

- State general fund (direct) (SGF) – This is the principal operating fund of the state treasury. It is referred to in the Constitution of Louisiana and is established to provide the accounting mechanism by which the treasurer controls the allocation of money for the ordinary operating expenses of state government. The state general fund (direct) is the money remaining after debt obligation monies are set aside through operations of the Bond Security and Redemption Fund and statutorily dedicated funds are dedicated.

State general fund and dedicated funds in general are defined in the Constitution of Louisiana (La. Const. Art. 7, Sec. 10(J)) as any money required to be deposited into the treasury except federal funds, interagency transfers, self generated revenues collected by the higher education systems, and severance tax and royalty allocations. Typically when a reference is made to state general fund it implies state general fund (direct).

- Fees and Self-Generated Revenue (SGR) – Appropriations of self-generated monies are made through the state general fund and are limited by the amount of revenues actually collected. Revenues are collected from one of the following:
 - Income received by state agencies as a result of direct charges for their services
 - License, permits, and fees imposed under legislative authority for engaging in business, exercising a franchise, or practicing a profession or trade, and charges for inspections, examinations, registrations, or certifications
 - Generated by the sale of merchandise or commodities such as anything purchased grown, raised, produced, manufactured, or developed by an agency
- Statutory Dedications (SD) – Revenues dedicated to a particular fund created in law, usually with a dedicated source and use for the fund, and credited to that

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fund by the state treasurer after cycling through the Bond Redemption and Security Fund.

- Interagency Transfers (IAT) – Revenues that have been transferred from one state agency to another.
- Federal Funds (FED) – Revenues available from the federal government.

Means of Finance Substitution/Swap Trading one means of finance for another. For example, reducing \$1 million in state general fund and replacing it with \$1 million in fees and self-generated revenues.

Non-recur Not including an item in the proposed budget that was included in the previous year's budget. For example, a grant from the previous year may have ended and the funding for the grant will then be non-recurred in the proposed budget.

Standard Statewide Adjustment Adjustments that are made to all departments by the Division of Administration, Office of Planning and Budget. These can include items such as group insurance, retirement payments, attrition, risk management, legislative auditor fees, rent in state-owned buildings, etc.

T.O. (Table of Organization) Positions Also referred to as “authorized positions”. Authorized positions are the number of positions approved by the legislature in an appropriation bill funded out of the salaries category in the state accounting system. T.O. positions are reported in the Executive Budget and appears next to each program in the General Appropriation Bill.

Non-T.O. Positions These positions are not included in the authorized positions reported in the Executive Budget and are not required to be authorized by the legislature. Non-T.O. employees include wage employees and some employees funded by federal grants or other temporary funding sources. Non-T.O. positions are reported in the Executive Budget.

Other Charges Positions Act 377 of the 2013 Regular Session of the Legislature created “other charges positions” as the number of positions funded from appropriations in the other charges expenditure category. Other charges positions do not appear in the General Appropriation Bill, but are required to be reported in the Executive Budget. The other charges expenditure category is used to budget those items that do not fall into the other commonly used expenditure categories, including salaries, operating expenses, professional services and acquisitions and major repairs.