



INTERDEPARTMENTAL MEMORANDUM

SUBJECT: Work Program Instructions for Fiscal Year 2023-24
Financial Order 02746 F4

DATE: May 31, 2023

TO: All Departments and Agencies

FROM: Beth Ashcroft, State Budget Officer
Bureau of the Budget

Attached are instructions for creating **Work Program Financial Order 02746 F4**. This order does the following:

- implements the fiscal year 2023-24 Basic Work Program with actions approved in Public Laws 2023, c. 17, the Unified General Fund and Other Funds budget bill including Part D that implements the additional budgeted Statewide attrition savings; and
- updates the fiscal year 2023-24 Basic Work Program with actions approved in miscellaneous laws, Public Laws 2023 chapters: 1 and 48.

Please note that this financial order does not include funding for the fiscal year 2023-24 impacts of laws with effective dates after July 1st. The fiscal impacts of those laws will be addressed in separate financial orders with instructions sent to the impacted departments and agencies as appropriate.

Additionally, LD 258, Part II of the Unified General Fund and Other Funds budget, and LD 259, the Unified Highway Fund and Other Funds budget, are still under consideration in the Legislature. Separate financial orders will be done to address the fiscal impacts of enacted laws associated with these bills in accordance with their effective dates. Instructions will be sent to the impacted departments and agencies as appropriate at that time.

In accordance with the instructions, departments and agencies will distribute annual authorized budget amounts for FY24 across quarters or months as appropriate. A Statewide Appropriations/Allocations report for Financial Order 02746 F4 (both PDF and Excel format), and a document with Pay Dates by pay cycle, accompany this memorandum for your reference. Also accompanying this memorandum are files providing rates for STACAP and various Personal Services costs as referenced in the instructions.

Departments and agencies with access to the Budget and Financial Management System (BFMS) will distribute the authorized budget amounts in the financial order electronically using BFMS as described in the instructions. Department and agencies that do not have access to BFMS will complete the template in the attached Excel file for each account (WP 2023-24 Offline Agency WP Instruct Template).

Please also keep in mind that the finalized work program establishes the detailed budget of anticipated sources and uses of State resources in accordance with legislative appropriations/allocations as reflected in law. Proposed changes in agency work programs during the fiscal year require budget orders or financial orders processed through the Bureau of the Budget. Working together to establish a work program that reflects, as accurately as possible, what is currently expected to occur over FY24 can help keep financial orders and budget orders to a minimum.

The deadline for completion and submission of the FY24 Work Program is Noon Monday, June 12, 2023. If you are not able to meet this deadline, please contact your Budget Analyst immediately. Please also contact your Budget Analyst if you have any questions or need assistance. We are available to meet with you via a Microsoft Teams meeting or telephone if that is helpful.

As detailed further in the attached instructions, an agency's completed submission to the Bureau of the Budget should include:

- For agencies with access to BFMS - A copy of Statewide Financial Order expenditures report for the financial order (SWFO 002746 F4), generated at the Umbrella level and signed by the department or agency head.
- For agencies without access to BFMS - A copy of the completed template for each account, signed by the department or agency head and an electronic copy of the updated file to the appropriate Analyst in the Bureau of the Budget.
- A spreadsheet or memo detailing proposed substantial changes to the distribution of authorized balances among individual object codes within line categories for an account, **including an explanation of the reason/justification for the proposed adjustment.** Any proposed changes to 5300s technology expenditure categories should also have documentation of OIT's pre-approval of those changes as detailed in the instructions.

Thank you.

cc: Kirsten Figueroa, Commissioner
Office of Fiscal and Program Review

**INSTRUCTIONS FOR
WORK PROGRAM FINANCIAL ORDER 02746 F4**

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GENERAL INSTRUCTIONS

Departments and agencies with access to the Budget and Financial Management System (BFMS) will distribute authorized budget amounts in the financial order electronically using BFMS.

1. Select the Annual button on the Main Menu.
2. Select 2024 from the Year drop down.
3. Select the appropriate department or agency from the Umbrella drop down in the Annual Work Program Selection window.
4. Select Statewide Financial Orders and click the Select button.
5. In the Statewide Financial Order Summary window, select the record for the appropriate financial order. (002746 F4 for FY24 work program)
6. Distribute the total authorized balance amounts by quarter or month as per the instructions.
7. Departments and agencies may print a Statewide Financial Order expenditures report by selecting Reports and Annual from the drop down menu, selecting Statewide Financial Orders and clicking the Open button. **Submit a copy of this report for the financial order (SWFO 002746 F4), generated at the Umbrella level and signed by the department or agency head, to the Bureau of the Budget.**

Department and agencies that do not have access to BFMS will complete the template in the attached Excel file for each account (WP 2023-24 Offline Agency WP Instruct Template). **Submit a copy of the completed template for each account, signed by the department or agency head, to the Bureau of the Budget. Please also return an electronic copy of the updated file to the appropriate Analyst in the Bureau of the Budget.**

Agencies will propose the distribution of the authorized budget across FY24 at a code level (object, revenue, transfer code) within each account and line category as appropriate. Agencies may change the amounts distributed among codes as long as the total authorized budget for the line category in the account is not exceeded. In considering changes, please keep in mind any legislative actions that may restrict funding use.

A list of allowable codes by type (i.e. Revenue, Expenditures, Transfers) will display in the drop down list for the Object field on the BFMS screen where distributions are entered. Departments and agencies not using BFMS may contact the Bureau of the Budget to obtain a listing of valid codes.

Expenditures in 3000 and 8000 series must be distributed to object codes that have four significant digits, i.e., 3110, 3210, 3910... 8510, 8511, etc., plus '00' on the end. All other expenditures may either be distributed at the four-digit level or at the even hundreds object codes, i.e., 4000, 4100, 4900, 7200, etc., plus '00' at the end. Revenues and transfers must also be distributed to codes that have four significant digits with the addition of '00' on the end. The transfer codes used will depend on the fund type: 2983, 2984, 2987 or 2988 for Federal Funds; or 2963, 2964, 2967 or 2968 for all other funds.

Agencies with BFMS access should check to ensure the total distributions made do not exceed the authorized budget at the line category level by running the Authorized Balance Error Report in BFMS as follows:

1. Select Reports from the Main Menu.
2. Select Annual.
3. Check Authorized Balance Error Report under the Financial Orders section.
4. Select the Year, Umbrella Code and Financial Order Number.
5. Select Print or View – Report will only be produced if you have discrepancies.

Agencies must provide additional information to the Bureau of the Budget for substantial changes made to distribution of authorized budget amounts among codes within a line category for an account. Details and general explanation of why the change is being proposed should be included in a spreadsheet or memorandum that accompanies the submission of an agency's completed work program to the Bureau. There are examples of desired information on the next page.

“Substantial Change” – generally any shift(s) between object codes representing 20% of any individual object code's authorized budget or totaling \$50,000 overall, **whichever is less.**

The additional information provides the reasoning for deviating from the legislatively authorized budget and facilitates the Bureau's review and authorization of the agencies' proposed work programs. The Bureau's review includes generally assessing whether an agency's proposed changes might result in unintended consequences, like leaving the agency short in allotment for key object codes, or indicate a potential future need for additional resources or other budgetary adjustments over the course of the biennium. The additional information also assists agencies and the Bureau in identifying potential adjustments for on-going situations that should be considered when preparing future budget submissions.

Examples of Additional Information to Provide to the Bureau

Scenario A – The agency has reviewed prior years’ budget to actual experience for the account and finds it has typically been overbudget in some object codes and underbudget in others. The agency is proposing to change the amounts allotted to each object code to align with past experience.

Info to Provide the Bureau:

- Explanation – Agency proposes shifting FY24 allotments among object codes as past budget to actual experience shows we are typically overbudget in object codes XXXX and YYYY and underbudget in object codes AAAA and BBBB.
- Details of the Change – Provide the amount of allotment increase/decrease by object code
- Support – Budget to actual analysis for prior three fiscal years that shows the trends described in the explanation.

Scenario B – The agency anticipates having increased expenses in a particular object code(s) due to increased activity/cost that was not planned at the time of the original budget submission. The agency is proposing to increase allotment distributed to that object code(s) by decreasing allotment in an object code where a reduced need/activity is expected.

Info to Provide the Bureau:

- Explanation – Agency proposes increasing FY24 allotment to object code XXXX due to (describe the anticipated increased activity/cost). Agency proposes covering this by decreasing allotment in YYYY as agency expects decreased activity/cost in the object code due to (describe the anticipated decreased activity/cost).
- Details of the Change – Provide the amount of allotment increase/decrease by object code
- Support – Analysis or other documentation that supports the reason for this proposed change, i.e. shows the anticipated increase in activity and related cost, as well as the anticipated decrease in activity and related cost.

EXPENDITURES

Agencies will distribute FY24 allotments of budgeted expenditures by quarter. In doing so, agencies should keep the following in mind:

- Work Programs must be prepared on an encumbrance basis, so quarterly allotments should include amounts for encumbrances expected in each quarter (i.e. purchase orders or contracts) rather than when payment is expected to be made.
- Quarterly allotments should take into consideration contracts that have been staged for encumbrance in fiscal year 2023-24, including whether or not staged contracts will need to be modified to reflect different accounts as a result of any actions taken in the budget.
- Allotments to cover estimated encumbrances brought forward from prior year **should not** be made in this Basic Work Program. Those allotments will be provided for the first quarter via a separate financial order resulting from an automatic roll forward of encumbrances and related allotments.
- Financial orders to allot the unencumbered balance from prior year will generally not be considered until after the prior fiscal year has closed and available balances have been loaded in BFMS. The exception is accounts for which the unencumbered balance available at the end of fiscal year 2022-23 is the only resource available for fiscal year 2023-24. Consequently, agencies should not

assume that any fiscal year 2022-23 unencumbered balance will be available to allot during the first quarter of fiscal year 2023-24.

- As described in the General Instructions section, the Bureau of the Budget will require additional information on substantial changes made in the amount of authorized budget distributed among object codes within line categories.

Personal Services. Computations for the components of Personal Services must take into account all authorized and funded positions. Generally, distributions for the first quarter should include enough to cover all payrolls for the quarter with some extra (another payroll’s worth) for contingencies. Front loading of Personal Services beyond this should typically only be for the impact of approved reclassifications and increases resulting from collective bargaining when applicable. Agencies should check with their Human Resources Managers for any questions on items in collective bargaining contracts with Personal Services impact.

Health and dental insurance and workers’ compensation are fixed costs **per employee per month**. They are typically distributed quarterly in equal amounts unless positions are either phased in or eliminated during the year.

Retirement calculations, including retiree health insurance, must be based on the actual amount of salary and wages in each quarter as computed for the number of payroll days in each quarter. The number of payroll days for each quarter by pay cycle is shown in the table below.

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Cycle A	6	7	6	7
Cycle B	7	6	7	6

Retirement, workers’ compensation and health insurance rates that will be in effect as of July 1st are included in an Excel file attached to these instructions. (WP 2023-24 Benefits.xlsx). The biweekly **dental premium** rate is \$14.60, unchanged from FY23. The applicable **retiree health insurance** rate each pay date is 8.57%.

All Other. Distributions must provide sufficient amounts to cover quarterly requirements for all expenditure codes within each account consistent with the approved budget. Other Special Revenue, Federal Fund and Highway Fund accounts must include allotment for STACAP charges using expenditure code 851100. **STACAP rates for fiscal year 2022-23 are attached.** (FY23 STACAP Rates.pdf). These are the most current rates Budget has at this time. The Office of the State Controller is expecting to release updated rates for FY24 within the next few weeks and those will be distributed as soon as Budget receives them.

All proposed changes to the 5300s technology expenditure categories must be reviewed with, and then pre-approved by, OIT (Office of Information Technology). OIT requires that agencies provide a written explanation of the proposed change and support it with the required changes needed to the OIT Budget Module template information. Agencies should

provide Bureau of the Budget documentation of OIT's pre-approval with their work program submission. An exception to the pre-approval rule are transfers from the 5300 expense category to the 5500 category which do not require OIT pre-approval.

Capital Expenditures. Distributions must provide sufficient amounts to cover quarterly requirements for all expenditure codes within each account consistent with the approved budget. Distribution of authorized amounts must be made on an encumbrance basis as previously described.

REVENUES

Budgeted revenues should be distributed **by month** for each four-digit revenue source code. The amount distributed to each month should reflect (as closely as possible) the amount actually expected to be received that month, rather than 1/12th of the amount budgeted for the year. Please provide details and explanations for any suggested or actual changes in distribution amounts between revenue source codes as described in the General Instructions section.

If an account in your agency receives revenues collected or assessed by another account, **you should confer as necessary with those responsible for the other account** to ensure that the estimated revenue and month of collection are consistent with your proposed expenditure pattern. Revenues collected in one account and then distributed to other accounts in accordance with a pattern approved by the Legislature should be reported as dedicated revenues in the receiving account using the appropriate revenue source codes. An example is tax revenues received by Maine Revenue Services that are statutorily dedicated to a particular program or fund.

If, at any time during the fiscal year, it appears evident that the dedicated revenue in a non-General Fund account that allotment is based on will not be realized, you are required to promptly discuss the situation with your Budget Analyst. Steps may be taken to adjust the work program to reflect a realistic balance between the projected amounts and month of revenue receipt and the amounts and month of proposed commitment of allotment.

TRANSFERS

Only those transfers which are in the approved budget should be included in the basic work program. Transfers between accounts within a department or agency that are not in the approved budget must be requested by submission of a separate financial order. Financial orders transferring funds between line categories are subject to a 30-day wait subsequent to the Governor's approval.

Transfers affect the resources available to allot in each of the accounts involved; and therefore a transfer from an account may require a reduction of allotment in that account. Transfers between accounts in different agencies must be coordinated between the agencies involved as to amounts and quarterly timing.

Transfers within and between Governmental Funds

Transfers within or between governmental funds (i.e. General Fund, Highway Fund, Other Special Revenue Funds) are considered transfers of resources or transfers of appropriation/allocation. Transfers from one account to another within these funds are distributed by the account giving up the funds, and must reflect the account number that will be receiving the transferred money in the "From or To Account" column.

It is not necessary to initiate receiving entries for these transfers as BFMS will automatically generate the positive side of the transfer based on the giving (negative side) of the entry. The positive entry created for the receiving account uses the same information as the negative entry in the giving account, including the transfer object code. The system will also automatically enter receipt of the full budgeted amount of the transfer in the first quarter. Changes can be made to the transfer object code receiving the transfer and/or to the quarter(s) transferred funds are received in by inserting a new record(s) in BFMS when distributing the transfer from the giving account. Please contact your Budget Analyst for guidance on making these changes if needed.

Please note the following:

- The 290000 series transfer codes are the appropriate ones to use when transferring funds to an account that is performing a portion of a program. Such transfers can only be made between operating accounts (010 through 015).
- Transfers in the General Fund and Highway Fund must be coded by line category (i.e. Personal Services, All Other, Capital). Transfers in other funds must be coded as Unallocated using 298800 for Federal Fund and 296800 for all others.

Transfers Involving Internal Service or Enterprise Funds

Transfers to or from Internal Service or Enterprise Fund accounts (i.e. General Fund to Internal Service Funds) are considered revenues and expenditures between those funds. Agencies will distribute the authorized budget associated with these under the relevant revenue and expenditure object codes. See the instructions in the Revenue and Expenditures sections as appropriate.

ACCOUNTS FUNDED FROM MULTIPLE SOURCES

Some federal and other funds accounts, such as "Administration," operate on funds from more than one federal grant or funding source. An example is DICAP. In those cases, the revenue should be recorded in each of the grant or other funds accounts as revenue and

then a transfer of funds should be made into the particular administrative account. Using this method, the grant or other funds account will reflect the total dollars received for that particular grant along with the amount transferred out to cover the cost of administering the account. This transfer out reduces the resources eligible for allotment. Agencies should confirm that all such transfers are reflected on the Transfers form associated with the financial order.