

BUDGET COST GUIDELINES

The items presented in this section deal with the development of certain program costs that must be incorporated into the budget request. These include the five summary object codes:

Personnel Costs	Operating Expenditures	Capital Outlay	Trustee/Benefit Payments	Lump Sum
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Personnel Costs – Existing Positions

Maintenance of Current Operations (MCO): There are certain Personnel Cost increases related to **existing positions** that are necessary merely to maintain the current performance levels of the program. These increases include:

- Increases in personnel benefits associated with existing full-time and part-time permanent employees: DU 10.11.
- Refactored classifications: DU 10.42. Adjustments needed when DHR revises the pay grade for an entire class of positions statewide, and an agency has received prior approval from the DFM for the anticipated fiscal impact of refactoring. It is important to differentiate refactoring from reclassifications (see Glossary of Terms). Budget impacts for reclassified positions are considered neutral and will not be funded in the succeeding year's agency budget request.
- Position salary annualizations that result from positions being authorized or funded for only part of the previous fiscal year: DU 10.51.
- Statewide salary increases, more commonly referred to as the Change in Employee Compensation (CEC): DU 10.61, DU 10.62, and DU 10.63.

Inflationary increases associated with group or temporary positions and other salary improvements such as salary equity, merit increases, and expansion of temporary help amounts are not to be included in MCO decision units. They should be placed in line item decision units (12.00 series).

Computation of MCO Personnel Costs: The automated Wage and Salary Report (WSR) projects Personnel Costs by position for both the current year and budget year. The report assumes that vacant positions are filled on state compensation schedule H at entry level plus 19.5% and that no turnover in authorized positions occurs (for nonclassified, see below). Entry level plus 19.5% is used because it is approximately equivalent to 80% of policy.

The WSR is prepared from the information contained in the Employee Information System (EIS). Any deviation between the costs calculated in the report and those included in the MCO decision unit must be reconciled on the B-6 form. All positions funded with appropriated dollars must be reflected. DFM and LSO analysts have a copy of the WSR; therefore there is no need to submit a WSR with the budget request.

The following methodology is used in preparing the WSR and must also be used in preparing the B-6 form:

Classified and nonclassified positions assigned grades from the state compensation schedule H:

When the position is filled, Personnel Costs are determined by the grade of the incumbent as of July 1. If the position is vacant, the cost of minimum plus 19.5% is used. Positions with invalid class codes will be projected at zero dollars for both the current year and budget year, but will reflect actual dollars expended in the prior year. To avoid errors, please ensure that EIS actions are submitted accurately and completely according to time frames prescribed in the year-end closing memo and other documents so that WSR corrections are minimized.

Nonclassified positions not assigned a grade from the state compensation schedule: If occupied, the salary reflected will be that of the incumbent on July 1. If vacant, the dollars reflected would be what was budgeted for the position on July 1.

Vacant Positions: The State Controller's Office will automatically delete from the EIS any position that has been vacant for one year in accordance with *Idaho Code* 67-3519. The position and its funding will remain in the agency's appropriation until legislative adjustments are made. Re-establishments of deleted positions on EIS or alternative uses of Personnel Costs require the approval of DFM. Vacant or deleted positions that will not be filled during FY 2010 must be eliminated in the agency's budget request. EIS forms deleting vacant positions should be submitted by the agency to the State Controller's Office. **Due to the instituted FY 2010 Personnel Cost savings, please pay special attention to this expectation of eliminating year long vacancies in your FY 2011 budget submission.**

Employee Benefits: The rates provided in the table on pages 15 and 16 are the ones used on the July 1 WSR. The rates reflect estimates of what agencies are expected to pay from the Personnel Costs portion of their program budgets.

The current year estimate of combined total cost for salary and benefits should be reconciled to your current year Personnel Costs appropriation as explained on page 20.

Salary Increases, Including Proposed Employee Benefit Improvement: Agencies will be required to compute a CEC decision unit based on a 1% employee compensation multiplier for permanent employees. This 1% calculation will be used to generate the final CEC in the Governor's recommendation and the FY 2011 appropriation. Each CEC decision unit information block (DU 10.60) should accurately contain the base salary by fund source and be broken out by classified, nonclassified, and board positions. CEC for group and temporary positions will be calculated in DU 10.62 also at a 1% multiplier. Salary increases for elected officials are to be placed in DU 10.63. Refer to the instructions on page 22. The assigned DFM analyst will complete the CEC decision unit in the Executive Budget to reflect the Governor's recommendation.

Agencies paying employees from funds other than the General Fund must reserve adequate revenues for any CEC adjustment. In determining how much to set aside, agencies should set aside a total of 5% of Personnel Costs as a rough approximation of the amount needed. Funds that have insufficient revenue or are limited in the ability to fund CEC, should be addressed in the CEC decision unit (10.60 series) along with an explanation. See fund shift instructions on page 34, under DU 10.00 Program Maintenance.

Other Personnel Costs increases, such as the DHR approved payline exceptions and refactored positions or annualization of positions (DU 10.42 and 10.50 series), should be separately identified and included in the appropriate MCO decision units.

All other Personnel Costs in areas such as salary equity, merit increases, reclassifications, and changes in budgeted salaries for group positions should be placed in separate line item decision units and prioritized along with other line item decision units (12.00 series).

Personnel Costs - New Positions

When budgeting for new classified positions, use 80% of policy salary levels provided on the state compensation schedule H using dollar amounts shown in Appendix D. If 80% of policy is insufficient for recruitment purposes, additional funding may be requested in the same line item with appropriate justification for the additional funding provided in the narrative of the B-8.1. The narrative will need to include the necessary information and calculations to facilitate a full analysis of the request.

Operating Expenditures

Agencies will adjust their FY 2010 Operating Expenditure estimate by fund to remove all one-time funding in order to arrive at the FY 2011 Base. These adjustments will be made in the DU 8.40 series. Agencies must use form B-4 to determine inflationary increases by summary object. Decision unit 10.21 should be used for general inflationary increases, DU 10.22 should be used for medical inflationary increases, and DU 10.23 should be used for contractual increases. The FY 2011 Base amounts for fixed costs and interagency nonstandard adjustments decision units (10.40 series) must be removed before applying the general inflation factor.

Replacement Operating Expenditures for data processing software, etc. should be identified and noted on the B-7 as per the sample budget provided with this manual.

Any expansion of the Operating Expenditure base must be requested in the line item decision unit portion of the budget in the 12.00 series. Expansion requests must be accompanied by sufficient narrative on the B-8.1 to explain the need for the increase.

There are no increases this year for agencies affected by the Department of Administration's building services space charges. See chart below for rates. All other lease or rent increases for existing space must be addressed as an inflationary adjustment using the B-4 form Part C in decision unit 10.23. Requests for discretionary (additional) space must be addressed in the DU 12.00 series as line items.

Class of Space	Fiscal Year 2010 Per Square Foot	Fiscal Year 2011 Per Square Foot	Change in Cost Per Square Foot
"A"	\$10.40	\$10.40	\$0
"B"	\$8.85	\$8.85	\$0
"C"	\$8.00	\$8.00	\$0

Statewide Cost Allocation: Information on interagency nonstandard adjustments (10.40 series) for indirect cost recovery of State Treasurer, State Controller, and Attorney General fees are based on the 2010 Statewide Cost Allocation Plan (SWCAP) and will be available in October. The 2011 SWCAP will be calculated based on actual financial and statistical information from FY 2009. Agencies will be notified by DFM and asked to concur with the nonstandard budget adjustments for the indirect cost recovery fees.

Capital Outlay

All Capital Outlay, with the exception of recurring Capital Outlay, which includes library books and long-term lease to purchase items, will be removed in DU 8.40 series to arrive at the FY 2011 Base.

Replacement Capital Outlay may be requested within the maintenance portion of the budget (DU 10.30 series). Most agencies use inventory-tracking systems to document (at a minimum for insurance purposes) replacement costs, historical acquisition data, estimated useful life, and salvage value for existing inventories. These systems should support the request for replacement Capital Outlay. Funding to replace an item can only be requested once during the lifetime of that item. If an agency has already received funding to replace an item AND the agency subsequently determines the item to be replaced has some ongoing value or a lesser use and delays its disposal, the agency will not be allowed to request funding for the replaced item in a future budget request. All items should be categorized as office equipment and furniture, information technology equipment, and vehicle replacement. Agencies may add other categories of replacement Capital Outlay for specialized equipment and vehicles. Individual DFM and LSO analysts may ask agencies for additional information about existing inventories.

Agencies with expansion Capital Outlay requests that include funds for property and buildings will need to itemize that information as shown on the B-8.1 form.

Agencies should use Correctional Industries or Federal/State Surplus Property products and services whenever possible. Agencies should also check with Correctional Industries for items such as furniture upholstery, office furniture, sign making, and moving assistance. A Correctional Industries representative can be contacted at 658-2163. Federal Surplus Property can be contacted at 334-3477. They have vehicles, office furniture and equipment, and many other items for sale at cost.

Trustee/Benefit Payments

Budgets that have payments to entities funded through the Trustee/Benefit Payments classification may use the B-4 form to calculate any general inflationary adjustments. Agencies that have medical contracts with service providers may also use the B-4 form to calculate any medical inflation adjustments. Decision Unit 10.21 should be used for general inflationary increases, DU 10.22 should be used for medical inflationary increases, and 10.23 should be used for contractual increases.

EMPLOYEE BENEFIT RATES

BUDGETED FY 2010

FICA

SSDI 0.062 x salary to \$108,600
SSHI 0.0145 x salary

Unemployment Insurance

0.0019 x salary

Life Insurance

0.0090 x salary

Health Insurance (*medical, dental, mental*)

State Agencies: \$8,440/position

Retirement

Regular: 0.1039 x salary
Judges: 0.0700 x salary
Police / Fire: 0.1073 x salary

Sick Leave

0.0065 x salary

Human Resources (*classified employees*)

Non-Delegated Authority

0.005535 x salary

Human Resources (*classified employees*)

Delegated Authority

0.00306 x salary

CURRENT EST. FY 2010

FICA

SSDI 0.062 x salary to \$108,300
SSHI 0.0145 x salary

Unemployment Insurance

0.0026 x salary

Life Insurance

0.0090 x salary

Health Insurance

\$8,440/position

Retirement

Regular: 0.1039 x salary
Judges: 0.0700 x salary
Police / Fire: 0.1073 x salary

Sick Leave

0.0065 x salary

Human Resources

Non-Delegated Authority

0.005535 x salary

Human Resources

Delegated Authority

0.00306 x salary

PROJECTED FY 2011

FICA

SSDI 0.062 x salary to \$110,700
SSHI 0.0145 x salary

Unemployment Insurance

0.0040 x salary

Life Insurance

0.0085 x salary

Health Insurance

\$9,300 position

Retirement

Regular: 0.1039 x salary
Judges: 0.0700 x salary
Police / Fire: 0.1073 x salary

Sick Leave

0.0065 x salary

Human Resources

Non-Delegated Authority

0.005535 x salary

Human Resources

Delegated Authority

0.00306 x salary

WORKERS COMPENSATION RATES

Agency	Proj. FY10	Actual FY10	Est. FY11	Agency	Proj. FY10	Actual FY10	Est. FY11
Accountancy Board	.0046	.0028	.0032	Libraries, Id. Comm. for	.0043	.0031	.0035
Administration, Dept.	.0137	.0113	.0129	Lieutenant Governor	.0041	.0037	.0042
Aging, Comm. on	.0054	.0038	.0044	Liquor Division	.0175	.0135	.0155
Agriculture, Dept.	.0137	.0107	.0123	Lottery Commission	.0191	.0143	.0165
Arts Commission	.0059	.0039	.0045	Medicine Board	.0067	.0043	.0049
Attorney General	.0042	.0032	.0036	Military Division	.0214	.0170	.0196
Blind Commission	.0051	.0038	.0044	Nursing Board	.0049	.0034	.0039
Boise State University	.0063	.0063	.0063	Occup. License Board	.0079	.0053	.0061
Brand Board	.0289	.0214	.0246	Outfitters & Guides Bd.	.0113	.0097	.0111
Building Safety, Div.	.0078	.0059	.0067	Parks & Recreation	.0263	.0220	.0253
Commerce, Dept. of	.0049	.0034	.0040	Pharmacy Board	.0078	.0067	.0077
Controller, State	.0034	.0023	.0026	Professional Tech Educ.	.0048	.0034	.0039
Correctional Industries	.0332	.0252	0.290	Public Health Dist. I	.0140	.0105	.0121
Corrections, Dept. of	.0293	.0221	.0254	Public Health Dist. II	.0050	.0042	.0048
Deaf & Blind, Bureau of Educ	.0106	.0085	.0097	Public Health Dist. III	.0058	.0041	.0047
Dentistry Board	.0074	.0061	.0007	Public Health Dist. IV	.0074	.0060	.0069
Drug Policy, Office of	.0054	.0038	.0043	Public Health Dist. V	.0155	.0119	.0137
Eastern Id. Tech. College	.0067	.0058	.0067	Public Health Dist. VI	.0078	.0054	.0062
Educ., State Board of	.0046	.0032	.0037	Public Health Dist. VII	.0060	.0048	.0055
Endowment Fund Inv. Bd.	.0057	.0040	.0046	Public Employees Ret.	.0038	.0027	.0031
Energy Resources, Off. of	.0061	.0038	.0044	Public Television, Idaho	.0053	.0038	.0044
Engineers & Lands Board	.0058	.0040	.0046	Public Utilities Comm.	.0060	.0044	.0051
Environmental Quality, Dept.	.0069	.0053	.0062	Racing Commission	.0136	.0087	.0100
Finance, Dept.	.0022	.0017	.0019	Real Estate Commission	.0055	.0039	.0045
Financial Mgmt., Div.	.0050	.0036	.0042	Secretary of State	.0037	.0026	.0029
Fish & Game, Dept.	.0260	.0205	.0235	Senate	.0099	.0055	.0064
Governor's Office	.0047	.0034	.0039	Species Conserv., Office of	.0084	.0068	.0078
Health & Welfare	.0115	.0094	.0108	State Appellate Pub. Def	.0037	.0025	.0029
Hispanic Commission	.0073	.0047	.0054	State Ind. Living Council	.0098	.0040	.0046
Historical Society	.0160	.0106	.0122	State Insurance Fund	.0052	.0040	.0046
House of Representatives	.0152	.0100	.0115	State Police, Idaho	.0232	.0171	.0197
Human Resources, Div	.0049	.0037	.0043	Supt. of Public Instr.	.0046	.0040	.0046
Human Rights Comm.	.0057	.0040	.0046	Tax Appeals Board	.0038	.0028	.0033
Idaho State University	.0071	.0071	.0073	Tax Commission	.0030	.0022	.0026
Industrial Commission	.0047	.0034	.0039	Transportation, Dept.	.0299	.0219	.0252
Insurance, Dept.	.0053	.0042	.0048	Treasurer, State	.0040	.0029	.0033
Judicial Branch	.0018	.0018	.0021	Uniform Laws Comm.	.0039	.0039	.0039
Juvenile Corrections	.0271	.0207	.0238	University of Idaho	.0104	.0104	.0103
Labor, Dept. of	.0036	.0025	.0028	Veteran's Affairs	.0377	.0328	.0377
Lands, Dept.	.0158	.0145	.0166	Veterinary Med. Bd.	.0052	.0030	.0034
Lava Hot Springs	.0301	.0259	.0298	Vocational Rehab	.0048	.0034	.0039
Legislative Services	.0031	.0024	.0028	Water Resources, Dept.	.0061	.0047	.0054
Lewis-Clark State College	.0069	.0055	.0063				