

HIGHLIGHTS

A thorough review of this manual will be necessary to become familiar with all the items that are expected in a complete budget request. Some of the more significant changes to this manual are:

New For FY 2011

- **Zero-Based Budgeting:** The Governor has directed all Executive Branch agencies to undertake zero-based budgeting over the course of six years. Please see the schedule on the Division of Financial Management (DFM) website (<http://dfm.idaho.gov/>) of when your agency is expected to participate in this rotation. Separate guidance with forms for zero-base budgeting will be issued and training will be provided by DFM.
- **Requests for Ongoing Capital Outlay:** Any requests for ongoing Capital Outlay must be requested in the DU 12.00 series rather than as a maintenance item.
- **Personnel Adjustments:** Any anticipated agency furlough days in FY 2010 must be accounted for in the Adjustments to the Wage and Salary portion of the B-6.
- **Replacement Items:** Requests for replacement items shall be prioritized in the order of importance by the agency on the B-7 form.
- **Salary Multiplier:** Note the salary multiplier has been adjusted to 1% for FY 2011.

Reminders For FY 2011

- **Performance Reports:** Idaho Code requires agencies to submit both Part A and Part B of agency performance reports to DFM and LSO by September 1, 2009. Both the agency profile and other measures should be submitted separately from the budget request. Instructions for submitting agency performance data will be provided in a separate document. Analysts may contact agency staff for specific caseload data, if necessary, to complete their analysis of the submitted budget request.
- **Line Item Report:** Paper copy submissions should include a line item report that is generated from the budget development system.
- **On-Line Budget Development System:** The on-line Budget Development System is located at <http://apps.dfm.idaho.gov/bds/>. If you need access to the system please contact Anita Hamann at anita.hamann@dfm.idaho.gov. Please login to the system as soon as possible to make sure the program is able to download the necessary tools to perform. If you are experience any difficulty with the installation of the program please contact John Davison at (208) 854-3066 or by email at john.davison@dhr.idaho.gov.
- **The Economy:** Tremendous changes in the economy have occurred since September 2009 agency budget submissions, the Governor's budget recommendations and Legislative appropriations. As you all realize, the emerging financial sector collapse and general business downturn adversely impacted both FY 2009 and FY 2010 budgets. The current United State recession has been wide spread and historic in duration. As of now, the bottom of the economic cycle has not been clearly identified and some observers predict a slow recovery. In preparing for your FY 2011 budgets, please keep in mind these harsh economic realities. The last public forecast of Idaho General Fund Revenue was made to the Joint Finance Appropriations Committee in early March. The projection included a preliminary \$2,710 million revenue estimate for FY 2011, which is a 3.6% below actual FY 2007 receipts. More up to date economic data, compiled over the next six to nine months, will ultimately set the general course for FY 2011 Idaho state budget decisions.

- **Federal Stimulus Funding:** Treat all allocated FY 2010 federal stimulus (American Recovery and Reinvestment Act – ARRA) funds as one-time budget resources. Therefore, remove all 0346-00 dedicated dollars in your individual requests when determining FY 2011 base levels. If substitutions of ARRA financial support with FY 2011 General Fund resources are deemed necessary, document such proposals in the DU 12.00 line-item series.
- **Salary Savings Reporting:** The salary savings reports have been updated in IBIS. Please see page 26 for the updated list of reports for preparation of the budget development process.
- **Encumbrances:** Remember that all agency encumbrances **must be accounted for on the B-12 form**. Encumbrances may be shown as liquidated in the current fiscal year or carried forward in the next budget year provided they are taken into account in the free-fund balance. Agencies must do this in order to reserve enough cash in reserve to liquidate the encumbrances.
- **Bonding Payment Project Requests:** Remember that all requests for bonding payment project requests must be submitted in the Department of Administration’s budget request and will not be accepted by individual agencies.

PREFACE

Purpose of Manual

Instructions in this manual are presented to assist agencies in preparing their FY 2011 operating budget requests. The examples used in this manual are for illustrative purposes only and do not accurately reflect the budget of DFM.

The budget submittal procedures are designed to facilitate general consistency in the presentation and review of the requests while affording agencies the flexibility to clearly describe programs, objectives, and needs.

When developing the Governor's recommendations for the allocation of all state resources, DFM reviews all state agency operating budget requests for compliance with basic budget policies and statutory requirements. This review results in the Governor's annual budget recommendation to the Legislature, and culminates with the final budget decisions made by the Legislature.