

Overview of Legislative and Administrative Changes to Current Year Appropriations

Department of Finance and Management – Budget and Management

Issued: 6/13/2013

Table of Contents

| | |
|--|----|
| Purpose of this document..... | 2 |
| Glossary..... | 3 |
| The Budget (The Big Bill or Appropriations Act) | 4 |
| The Budget Adjustment (BAA) | 6 |
| Rescission..... | 7 |
| “The Pay Act” | 7 |
| Carry Forward | 8 |
| Reversion | 10 |
| Excess Receipt Request (ERR) | 11 |
| New Grants (AA-1) | 12 |
| DA-B-26 - Transfer of Appropriations Request | 13 |
| AAF-200 - Special Fund Spending Authority Transfer | 14 |
| Other Appropriation Adjustments | 14 |
| Appendix | 15 |
| Vantage Forms | 15 |
| Paper Forms | 15 |

Purpose of this document

This document explains the different types of adjustments that can be made to an appropriation throughout the fiscal year; each type of transaction and approval process is briefly outlined. Prior to Fiscal 2014, changes to appropriations status appeared only in VISION by fund. Starting in 2014, the current process will be modified by an added a process in Vantage that will require requests for changes in spending authority be accompanied by a detailed budget plan. This change will keep current budgets up to date and allow for budget to actual analysis throughout the year using Vantage reports.

Glossary

The following is a list of terms and definitions used throughout the document.

Agency/Department - Refers to any agency, department, board, commission and office which is a unit of the State's Executive, Legislative or Judicial branches.

Appropriation - An appropriation is the amount of funds the Legislature has authorized to be spent in a fiscal year, as passed by the Legislature in an Act (bill) during session. When the Legislature is not in session, there are other statutorily approved methods to increase appropriations for funds other than the General Fund. Although appropriation reductions may be made to the General Fund in certain situations, increases to the General Fund appropriation may only be enacted by the Legislature. Expenditures may not exceed authorized appropriation levels.

DeptID - One of the seven (7) chart fields within the general ledger which refers to operational unit subdivisions.

Fiscal Year (FY): The State of Vermont operates, budgets and accounts for revenue and expenses on a 12 month fiscal year, which begins July 1st and ends the following June 30th.

Vantage - The State's primary centralized budget development system used to develop the Governor's Budget Recommendations and track legislative changes throughout the session. Vantage is a product of CGI Group, Inc. Vantage was implemented during the summer of 2012 and was first used to develop the FY 2014 budget.

VISION: The State's primary centralized financial system used for the processing, recording, tracking and reporting of deposits, purchase orders, expenses, appropriation control, assets management and billings is called the VISION system. VISION is an Oracle/PeopleSoft system. The term "VISION" originated from the name of the original project to implement the PeopleSoft financial system in 2001 (Vermont Integrated System for Information and Organizational Needs). Today – the acronym has become the common name for the system.

V.S.A. - This acronym stands for the Vermont Statutes Annotated. The statutes are organized into 33 Titles, each with enumerated sections by Chapter. For example, the citation "1 V.S.A § 315" refers to: Title 1: General Provisions, Section 315: Statement of Policy.

The Budget (The Big Bill or Appropriations Act)

The future fiscal year budget is built during the current fiscal year and enacted prior to July 1. Its appropriations create the base spending authority. The following is a simplified version of the budget process; a more detailed explanation is provided in the budget instructions and elsewhere.

- Departments enter and modify budgets by expense and fund in Vantage through the budget development process. Budgets are established through discussions and negotiations with Finance and Management, with final budgetary and policy decisions made by the Secretary of Administration and the Governor.
- When this process is complete, budgets are finalized as the Governor's recommended future fiscal year budget and technical changes can only be made by Finance and Management, this includes any final policy decisions made by the Governor.
- The Governor's recommended budget is then presented to the legislature in a variety of formats, including a transmission of the Vantage Budget data to the Joint Fiscal Office.
- Throughout the legislative process Finance and Management updates Vantage to reflect changes made to the Governor's budget by the House, Senate, Conference Committee and Veto stages of the legislative process. Thus, when the bill is enacted into law, Vantage already reflects the final appropriation by expense and fund.
- Once the budget is passed by the General Assembly and signed by the Governor, an interface from Vantage to VISION creates the appropriation spending authority by fund (but not by expense code) in VISION.
- When the fiscal year begins, Vantage will include the Appropriations Act spending authority by appropriation DeptID, fund, and expense code. Vantage will also import daily actual spending data from VISION for the same chart fields.

See the following calendar for an overview of the budget process.

Prior Fiscal Year

Current Fiscal Year (July 1 to June 30)

| May | June | July | August | Sept. | October | Nov. | Dec. | January | February | March | April | May | June |
|--|---|---|---|--|--|--|---|--|----------|-------|-------|-----|------|
| Prior Year Budget | | | | | | | | | | | | | |
| Departments spend prior year appropriation | | "Close-out" | | | | | | | | | | | |
| | | Budget and Management review the EOY balances in special funds. Departments submit carry forward proposals to Budget and Management | | | | | | | | | | | |
| Current Year Budget | | | | | | | | | | | | | |
| Reviewing and enacting the current year budget | Departments spend current year appropriations | | | | | | | | | | | | |
| | Departments request administrative adjustments to current year spending authority | | | | | | | | | | | | |
| | | Emergency Board adopts new revenue estimates | | | Depts. submit current year Budget Adjustments | Budget and Management prepares the Budget Adjustment for the Governor's Recommendation | The Legislature debates/passes the Budget Adjustment Act | | | | | | |
| Future Year Budget | | | | | | | | | | | | | |
| | | Emergency Board adopts new revenue estimates | Governor provides budget instructions based on July revenue estimates. Departments prepare budgets. | Departments meet with the Commissioner of Finance and Management to review the future year budget requests per the budget instructions | | | Emergency Board adopts new revenue estimates | | | | | | |
| | | | | | Finance and Management reviews the future year budget requests and makes recommendations to the Secretary of Administration and Governor | | Governor recommend's a budget based on revised GF targets | The Legislature reviews and passes the budget bill. The Governor signs or vetoes the bill. | | | | | |

The Budget Adjustment (BAA)

The Budget Adjustment is the legislative vehicle for updating the current year budget.

- Departments develop their Budget Adjustment Request in Vantage for discussion and negotiation with Finance and Management, with final decisions made by the Secretary of Administration and the Governor.
- The Budget Adjustment requests are submitted in Vantage and advanced by Finance and Management Budget analysts as the Commissioner of Finance and Management approves and modifies the BAA requests.
- When this process is complete, budgets adjustments are finalized as the Governor's recommended current fiscal year budget adjustment and technical adjustments can only be made by Finance and Management, this includes any final policy decisions by the Governor.
- The Governor's Budget Adjustment recommendation is presented to the legislature in January.
- Finance and Management updates Vantage to reflect changes made by the House, Senate, Conference Committee and Veto stages of the legislative process. Thus, when the bill is enacted into law, Vantage already reflects the final appropriation adjustments by expense and fund.
- Once the Budget Adjustment is passed by the General Assembly and signed by the Governor, an interface from Vantage to VISION adjusts appropriations by fund (but not by expense code) in VISION.

Rescission

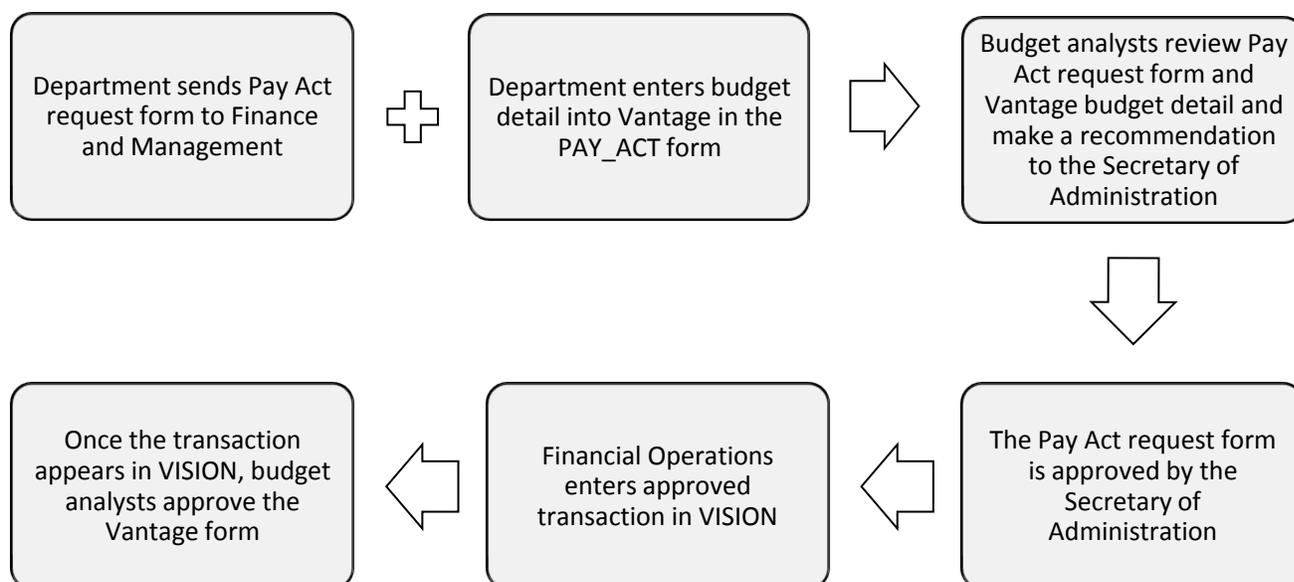
A rescission is a tool available to adjust appropriations when anticipated revenues are not available to support the budget as appropriated. It occurs through an act by the Legislature or by the Administration with Joint Fiscal Committee approval or with Joint Fiscal Office notification. See [32 V.S.A. §704](#) for additional information on circumstances that can induce a rescission and the process for executing one.

- Departments book rescission details in Vantage, using the **RESCISSION** form, and the forms are reviewed by budget analysts.
- Once a rescission has been finalized and the transaction appears in VISION, budget analysts will approve rescission forms and current appropriations in Vantage will be adjusted.

“The Pay Act”

The Pay Act is the General and Transportation funds for salary increases, steps, and COLAs, for the upcoming fiscal year. These funds are appropriated as a lump sum to the Secretary of Administration and distributed to departments. An example can be found in Sec. B.1200 and Sec. BB.1200 in [Act 162 of the 2011-2012](#) Legislative Session.

- Pay Act request forms are completed by departments and expense detail budgets are entered in Vantage to request the allocation of funds using the **PAY_ACT** form.
- Once a Pay Act request form has been reviewed by Finance and Management and approved by the Secretary of Administration, the adjustment is entered in VISION.
- When the Pay Act funds are allocated in VISION, budget analysts will approve the Vantage Pay Act forms.



Carry Forward

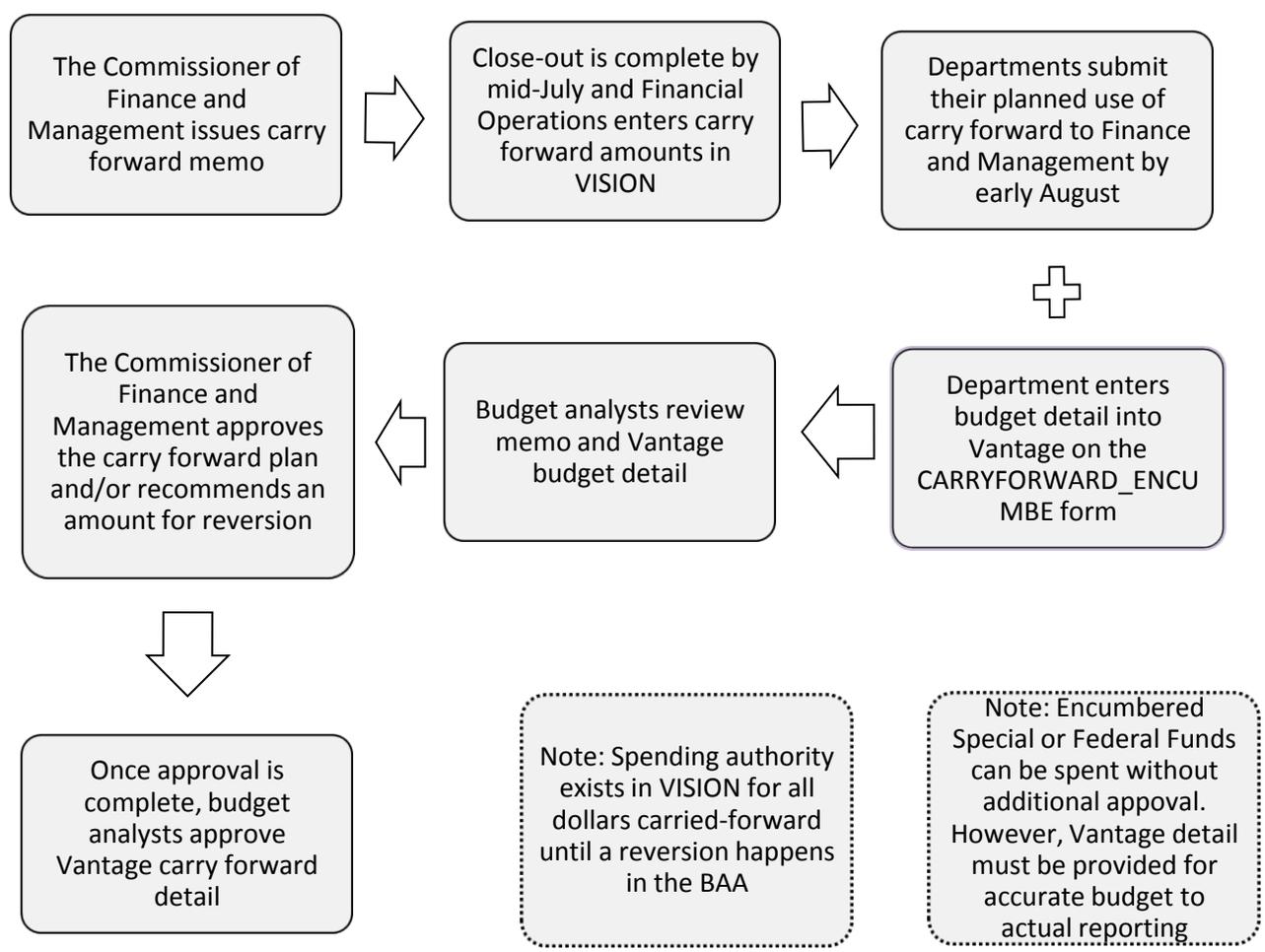
If an appropriation has any unexpended General Funds, Education Funds, Transportation Funds, or Transportation Infrastructure Bond (TIB) Funds at the end of a fiscal year, and the legislature has granted carry forward authority, a department may present a carry forward plan to the Commissioner of Finance and Management for review. If the carry forward plan is approved, a department can spend their carry forward funds as presented. If not approved, the plan is modified and some or all funds reverted in the current fiscal year's budget adjustment (for additional discussion see page 10).

The authority to carry forward unexpended funds is granted by the legislature subject to the approval of the Secretary of Administration. For an example, see Sec. 69 in [Act 75 of the 2011-2012](#) Legislative Session and the annual memo from the Commissioner of Finance and Management on carry forward.

- Carry forward applies only to the General Fund (10000), Education Fund (20205), TIB Fund (20105), and Transportation Fund (20105)
 - This includes any encumbrances of these funds made before the end of the prior fiscal year.
- Departments submit a carry forward plan to Finance and Management for review and the budget detail for the funds is entered into Vantage using the **CARRYFORWARD_ENCUMBE** form.
- When the carry forward plan is approved by the Commissioner of Finance and Management the Vantage budget detail will be approved.
- If the carry forward plan is not approved, the plan is modified and some or all funds will be marked for reversion.
- For all other funds, the only spending authority that is carried through to the next fiscal year are encumbrances. Any unexpended and unencumbered funds are reverted to the appropriate fund balances (see [32 V.S.A. §703](#))
 - The spending authority that is encumbered in VISION is rolled over as spending authority for the next fiscal year. Budget detail for special fund encumbrances must be entered into Vantage (using the **CARRYFORWARD_ENCUMBE** form) to account for increased spending authority.

****A department has VISION spending authority, but not necessarily Agency of Administration approval, for all carry forward funds until they are reverted by the legislature. It is a department's responsibility to retain any carry forward funds that are expected to be reverted.**

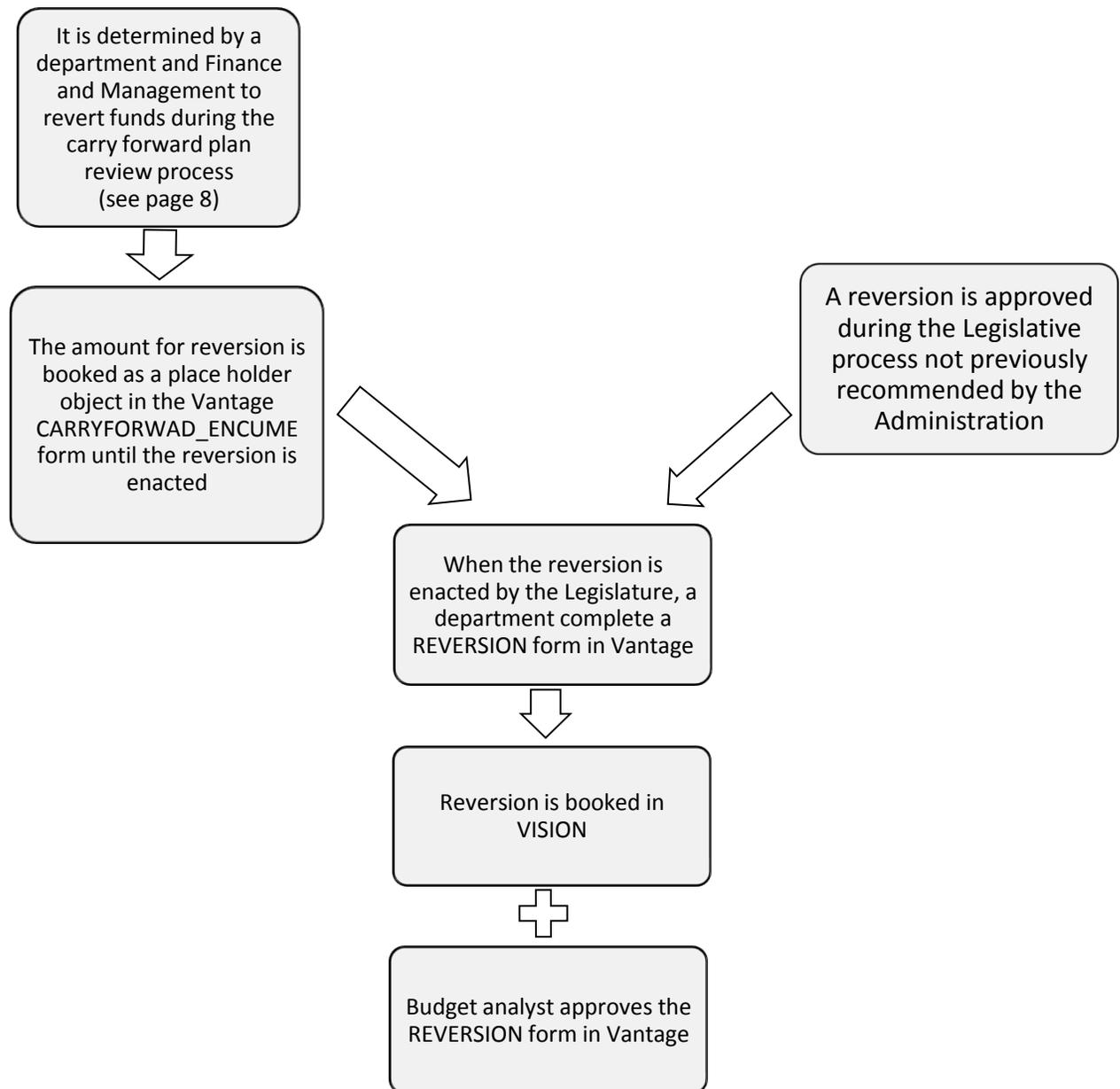
****A department is not required to get Agency of Administration approval in order to spend encumbered federal or special funds (or other funds not covered by the carryforward process). However, departments must complete the CARRYFORWARD_ENCUMBE form in Vantage so that the Budget-to-Actual reports correctly reflect current year appropriations.**



Reversion

A reversion occurs if a department does not need the General Fund, Education Fund, Transportation Fund or TIB Fund spending authority that is left over from the previous year. The spending authority can be reverted back to the fund by the Legislature. An example of a reversion can be found in [Sec. 67 in Act 75 of the 2011-2012](#) Legislative Session.

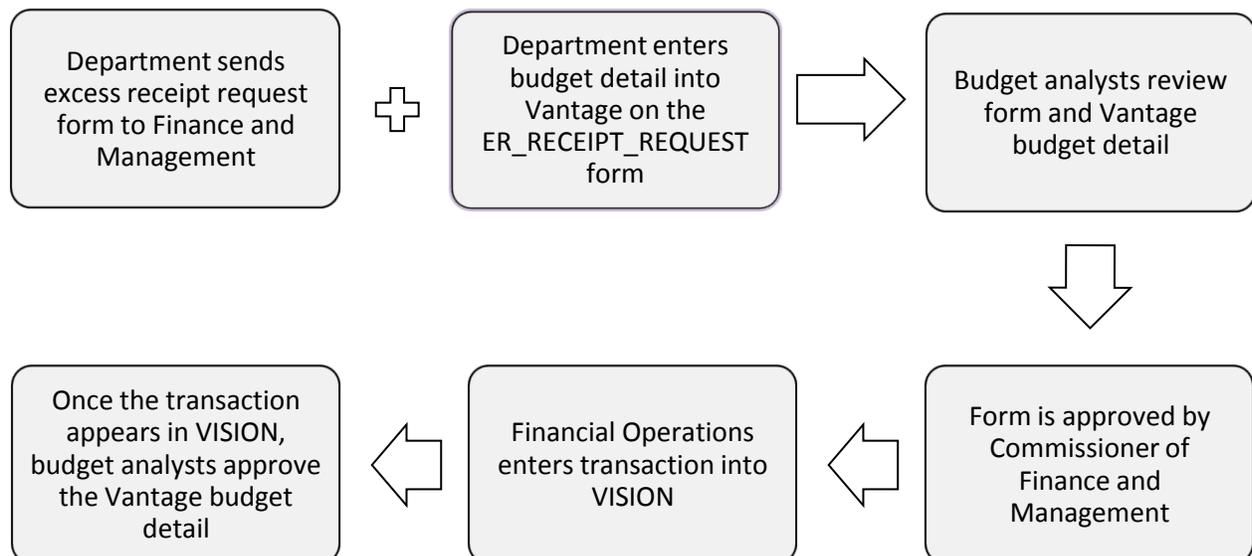
- Note: A department has VISION spending authority for all carry forward funds until they are reverted by the legislature.
- A reversion can either be recommended in the Budget Adjustment Act by the Administration, or decided upon during the legislative process.



Excess Receipt Request (ERR)

Excess Receipt requests are used when a department needs additional non-general fund spending authority above what was appropriated. Generally, this is necessary because a department took in unanticipated revenue and needs funds to cover unanticipated expenses. ERRs must comply with [32 V.S.A. § 511](#). Additionally, spending authority for grants or donations under \$5,000 (or \$15,000 for the Department of Forests, Parks, and Recreation) is given through the Excess Receipt Request Process (see note on page 12).

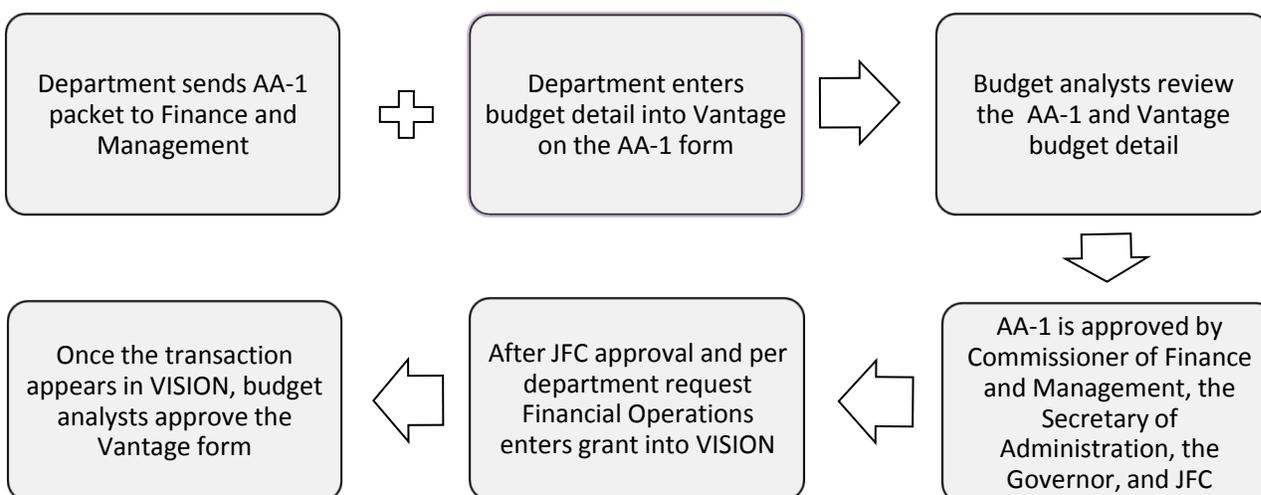
- To comply with 32 V.S.A. § 511:
 - Excess federal receipts, whenever possible shall be used to reduce the expenditure of State funds
 - Any excess receipts that will establish or increase the scope of a program, committing the State at any time to expend State funds, must be approved by the legislature.
- The Commissioner of Finance and Management has authority to approve ERRs
- Paper Excess Receipt Request forms, found [here](#), are completed by departments and budget detail is entered into Vantage using the **ER_RECEIPT_REQUEST** to request excess receipt spending authority.
- When the ERR is approved by Finance and Management, the adjustment is entered into VISION.
- Once the ERR is entered into VISION, budget analysts will approve the ERR budget detail in Vantage.



New Grants (AA-1)

An agency, department, commission, board, or any other part of state government cannot accept a grant, gift, loan or any sum of money except as outlined in [32 V.S.A. §5](#). To accept a grant or gift over \$5,000 (or \$15,000 for the Department Forests, Parks and Recreation) a state entity must complete an AA-1 form, found [here](#), for approval by the Administration and the Joint Fiscal Committee (JFC). For information on accepting grants under \$5,000 (or under \$15,000 for the Department Forests, Parks, and Recreation) see footnote below.*

- When a State entity is awarded a grant or gift over \$5,000 (or \$15,000 for the Department Forests, Parks, and Recreation), it must complete an AA-1 and receive Administration and JFC approval before it can accept the grant and use the funds.
- The AA-1 and the award materials are reviewed and approved by Finance and Management, the Secretary of Administration, the Governor and the JFC. Additionally, departments enter budget detail for the current fiscal year grant amount into Vantage using the **AA-1** form.
 - If a grant includes a position request, the position must be approved by the department of Human Resources before receiving approval from Finance and Management. The funding for the position is entered into Vantage by a department through the corresponding expense codes, not as a new position.
- When the grant is approved by the JFC, a department asks Financial Operations to approve the grant amount in VISION.
- Once the grant is entered into VISION, the Vantage detail will be approved by the budget analyst.

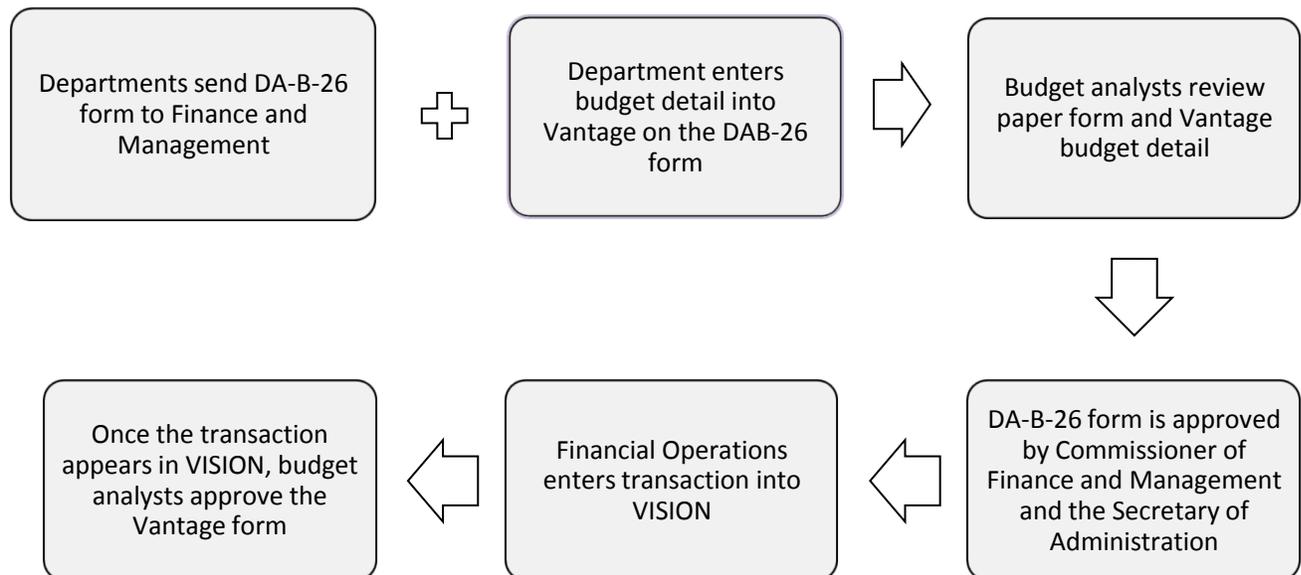


* In the case of smaller grants or donations, under \$5,000 (or under \$15,000 for the Department of Forests, Parks, and Recreation), departments must send a memo to Joint Fiscal Office and the Secretary of Administration notifying them of the grant (see [32 V.S.A. §5](#) (a)(3)). A department obtains spending authority for these funds through the Excess Receipt process (see page 11).

DA-B-26 - Transfer of Appropriations Request

A department, agency or other unit can request to transfer up to \$50,000 between appropriations according to [32 V.S.A. § 706](#).

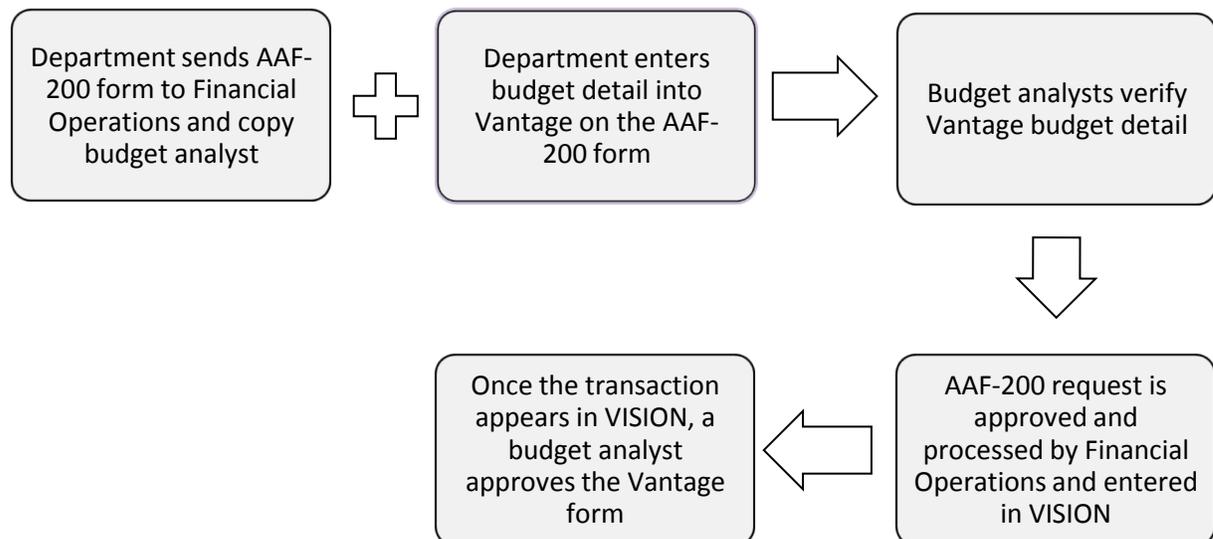
- To complete a transfer of appropriation request, a department completes the DA-B-26 form, found [here](#), and the budget detail for the transfer is entered in Vantage using the **DAB-26** form.
- When the DA-B-26 is approved by Finance and Management and the Secretary of Administration, the adjustment is entered into VISION.
- Once the DA-B-26 is in VISION, budget analysts will approve the budget detail in Vantage.



AAF-200 - Special Fund Spending Authority Transfer

Spending authority in a special fund is generated when the Vantage budget data is transferred by special fund number to VISION. While certain special funds (e.g. the State Health Care Resources Fund) are specifically appropriated, most special fund spending authority is not appropriated by the Legislature at the specific fund detail level. Because unspecified special fund spending authority is appropriated as a sum across all special funds within an appropriation, a department can request to transfer spending authority between special funds using an AAF-200 form, found [here](#).

- A department submits an AAF-200 form to Financial Operations and an electronic copy is sent to the budget analyst. **Prior approval from Budget and Management is not required.**
- A department also enters the budget detail into Vantage using the **AAF-200** form.
- Once the AAF-200 is in VISION, the budget analyst approves the AAF-200 form in Vantage



Other Appropriation Adjustments

Other adjustments may happen throughout the year, such as:

- Changes made by the Emergency Board (e.g. the FY2013 LIHEAP funding)
- Statewide Adjustments (e.g. FY2013 health benefit premium holiday)
- Global Commitment closeout transfers (see an example in Sec. 58 in [Act 1 of the 2013-2014](#) Legislative Session) and Corrections closeout transfers (see an example in Sec. 90 in [Act 1 of the 2013-2014](#) Legislative Session)

The type of transaction will drive how it is entered into Vantage using the **CY_ADMIN_ADJUSTMENTS** form. Finance and Management will communicate how and when to enter budget detail into Vantage as appropriate.

Appendix

Vantage Forms

The following table lists the types of appropriation adjustments and the associated Vantage form:

| Transaction Type | Vantage Form |
|--------------------------------|----------------------|
| Rescission | RESCISSION |
| Pay Act | PAY_ACT |
| Carryforward (GF, EF, TF, TIB) | CARRYFORWARD_ENCUMBE |
| Special Fund Encumbrance | CARRYFORWARD_ENCUMBE |
| Reversion | REVERSION |
| Excess Receipt Request | ER_RECEIPT_REQUEST |
| New Grant (AA-1) | AA-1 |
| DA-B-26 | DAB-26 |
| AAF-200 | AAF-200 |
| Other Adjustments | CY_ADMIN_ADJUSTMENT |

Paper Forms

The following table contains the links and site directions to all paper forms associated with appropriation adjustments. The forms below can all be found on the Finance and Management website. Transactions that are not listed below either do not require a paper form or the form will be sent to you from Finance and Management when they are required.

| Transaction Type | Website Information: http://finance.vermont.gov |
|------------------------|--|
| Excess Receipt Request | Department of Finance and Management > Forms > Budget > Request to Expend "Excess Receipts" Form |
| New Grant (AA-1) | Department of Finance and Management > Forms > Budget > AA-1 Request for Grant Application Form |
| DA-B-26 | Department of Finance and Management > Forms > Budget > DA-B-26 Transfer of Appropriations Request Form |
| AAF-200 | Department of Finance and Management > Forms > VISION > Other Forms > Special Fund Spending Authority Transfer |