

BUDGET MODIFICATION GENERAL INSTRUCTIONS

The budget modification process, based on a percentage of current new appropriations after certain base adjustments, was initiated to aid the Governor and the Legislature in assessing priorities related to agency budget requests. The process is based on a "what if" scenario: If an agency's level of appropriation is to be less than the current FY 2014-15 level (or at any level less than the total FY 2015-16 request), what services or activities would not be continued? These activities or services are submitted as possible "modifications," that together would reduce the appropriations to a specified percentage of the current "base" level of appropriations. The budget modifications do not represent a request for a reduction in the agency appropriation. Agencies are encouraged to consider submission of multiple modifications as necessary to achieve the required base level appropriation while also ensuring submission of quality budget modifications.

Budget modifications are to be submitted by agencies based upon their **current new general fund appropriation**. All Modifications, for each of operations and government aid, must have a unique priority number in sequential order beginning with 1 before an agency's budget can be submitted. This occurs on the Budget Modification Details screen using the "ALL" selection from the Modification drop-down (see the Modification Details Instructions).

The "FY 2014-15 Base Level Appropriation" for this budget request cycle is **95% of current new general fund appropriations for FY 2014-15**, after adjustments. The Legislative Fiscal Office will provide agencies a Form 200 which will include the dollar amount that represents the "FY 2014-15 Base Level Appropriation" (including adjustments) prior to preparation of your budget modifications.

The Form 200 is to be used to calculate the minimum agency-wide amount to be identified as modifications (i.e., the difference between the total request and the FY 2014-15 Base Level Appropriation). The calculation of modifications will be based on the total operations and aid requests for the first year of the request biennium, FY 2015-16.

The Nebraska Budget Request and Reporting System includes two screens to be used in the budget modification process. Individual modifications are created on the Modification Details screen. Using the Modification Details screen, agencies will provide detail on each modification and indicate the cost of the modification into the second year of the request biennium. This screen is also used to detail in narrative form key points necessary for understanding the priority assigned to the modification and the consequences if not funded. Prioritization also occurs on the Modification Details screen using the selection "ALL" from the Modification drop-down (see the Modification Detail Instructions). Finally, operations and government aid modifications are summarized on the Modifications Summary screen including information that will assist the agency in monitoring its progress in meeting the 95% requirement.

Definitions

FY 2014-15 Base Level Appropriation – Ninety-five percent of the FY 2014-15 general fund appropriation to an agency, adjusted for one-time items and reappropriations. A list of allowable adjustments will be sent to you by the Legislative Fiscal Office for use in the budget modification process.

Modifications - The difference between the FY 2014-15 base level appropriation and the FY 2015-16 total request. Modifications should be distinct, stand-alone functions or levels of activity. Failure to fund a modification should not materially affect the remaining base budget or any other modification.

Priorities - Costs associated with completing the core functions of an agency should be included in the base level appropriation. Modifications should be prioritized as follows: **Modification #1 is the**

very highest priority in addition to the 95% base, i.e., the first function to be funded if appropriation is provided above the 95% level. All Modifications, for each of operations and government aid, must have a unique priority number in sequential order beginning with 1 before an agency's budget can be submitted. This occurs on the Budget Modification Details screen using the "ALL" selection from the Modification drop-down (see the Modification Details Instructions).

Important Reminders

- The base level appropriation, the total request, and the amount of modifications are calculated at the AGENCY level and not the program level, although an agency identifies programs in the preparation of a modification and may include up to an entire program as a modification.
- Operations and Government Aid are to be prioritized separately using the “ALL” selection on the Modification Details screen. A budget modification may include both operations and government aid.
- One-time costs, deferrals to other fiscal years, or transfers of cost to other agencies are not to be considered as modifications.
- Enterprise Issues may not be used for budget modifications.
- An activity mandated by statute may be identified as a modification. If such an activity is identified, the agency must provide a complete listing of necessary statute changes in the narrative contained in the input screen. Agencies should be prepared to offer assistance in the preparation of legislation to modify or repeal statutes necessary to implement the budget modification.
- The quantification of individual modifications must account for timing considerations and costs associated with the implementation of curtailed service or benefit levels and thereby represent the exact level of appropriation reduction on a fiscal year basis related to the modification.
- Salaries for constitutional officers are to be excluded from the base level and the request for purposes of calculations on the Form 200.
- The impact of inflation on the operating budget request, by itself, should not be considered a modification. If significant cost increases are expected to occur, a modification must be discussed in terms of reduced usage or curtailed service levels as the result of higher unit costs in the base level.