

Glossary of Budgeting Terms Used in Part 2: Budget-in-Detail

Sections 4-72 through 4-74a of the Connecticut General Statutes set forth certain content requirements for the Governor's budget document. The intent of certain presentation elements in the Governor's budget document may not be readily apparent to the first time user and therefore the following information is provided to aid in understanding.

Current Services or Present Level - This is the amount required in order to provide in the succeeding fiscal year the same services as in the current fiscal year plus any scheduled changes or required changes. Estimated Expenditures are updated, for example, for inflation, annualization of partial year costs, projected increases or decreases in caseload, completion of projects, collective bargaining increases, costs mandated by statute or court order, and the scheduled opening of new buildings.

Total Recommended - In addition to the updating for the current level of services, the Governor's final recommendation reflects any changes in policy.

With the advent of biennial budgeting, the concept of current services becomes slightly more complicated. For both years of the biennium (2005-2006 and 2006-2007), the current services figures represent an update of the 2004-2005 Estimated fiscal year; 2006-2007 reflecting two years of update from 2004-2005. The policy decisions reflected in the 2005-2006 Total Recommended are not reflected in the 2006-2007 Current Services figures. The annualized effect of the policy decisions made for the 2005-2006 fiscal year as well as any new changes in policy scheduled to begin in the 2006-2007 fiscal year are reflected in the 2006-2007 Total Recommended. The agency Requested totals for both years are current services based and do not reflect changes in policy.

It should be noted that in cases where agency consolidations or significant reductions are proposed for an agency, the original agency description generally tends to reflect the *current services* for that agency rather than the Governor's ultimate recommendation. The significant changes, along with a note in the agency description, are used to explain the Governor's proposal.

Recommended Significant Changes - This section is used to explain the changes in the Governor's recommendations from the 2004-2005 Estimated budget. Any change of a significant nature is delineated here. Changes have been grouped into one of four categories: (1) Within Current Services, (2) Reductions to Current Services, (3) Reallocations or Transfers, and (4) New or Expanded Services.

Within Current Services - Certain changes are of a significant nature but do not occur as a result of a change in policy. These changes occur in providing the levels of service required by the course set in the current (1998-1999 Estimated) fiscal year. The services provided may be new - as with the scheduled opening of a new facility - but the policy to provide these services would have been set at an earlier date and is not a result of policy instituted for the recommended budget. This section is used to highlight where either the funds or the services provided are of a significant nature.

The following categories reflect changes in policy from the current fiscal year. It may or may not be necessary to enact legislation in order to accomplish these changes. The common thread is that the changes represent a departure from the course set in the current fiscal year.

Reductions to Current Services - These changes represent reductions in services provided or economies effected as a matter of policy, e.g. the elimination of inflationary increases provided in Current Services. A subtotal has been included which totals all reductions that have been taken; minor reductions may have been combined into one miscellaneous amount. Where 2005-2006 reductions have been taken, the total savings attributable to the reduction in 2006-2007 are shown. Where only 2006-2007 savings are shown, this indicates a reduction starting in FY 2006-2007.

Reallocations or Transfers - A number of changes are included in this category: (1) reallocation of resources within an agency - generally denoting a new programmatic direction, (2) transfers from one agency to another, including mergers, and (3) transfers from one fund to another (not including the state pick up on the expiration of federal funds.) Figures appear in the columns at right only where there is a transfer between agencies.

Glossary of Budgeting Terms Used in Part 2: Budget-in-Detail

New or Expanded Services - These changes represent policy decisions that have been made to expand current services or provide new services. Increases in revenue may or may not be associated with these changes. Where 2005-2006 expenditures are shown, the costs attributable in 2006-2007 are shown. In addition, whether an option is scheduled to begin in 2005-2006 or 2006-2007, the 2005-2006 impact is shown as required by statute.

In addition to the terms described above, the following budgeting terms are used frequently throughout the document.

Agency Program - A program is an activity or group of activities that have a common element. The program either: (1) achieves the same goals or purposes, (2) serves slightly different purposes but is performed by the same employees, or (3) serves the same clients with similar services.

Annualization of Partial Year Costs - Costs that accrue for only part of a fiscal year need to be annualized in the succeeding fiscal year. For example, some programs are not scheduled to start until after the beginning of the fiscal year. In updating the current services budget in the succeeding year, it then becomes necessary to build in funds for that portion of the fiscal year for which funds were not provided in the previous year.

Appropriation - An appropriation is an authorization by the General Assembly to make expenditures and incur liabilities for a specific purpose.

Carry Forward - Carry forwards are appropriated amounts which the agency did not spend within the fiscal year and are allowed to "carry forward" for expenditure in the next fiscal year. The purposes and amounts that can be carried forward are covered by statute, e.g., Section 4-89, or other legislation.

Character and Major Object and related term - **Minor Object** - Agency funds are appropriated by major object. Expenditures within the major objects Personal Services and Other Expenses are further refined for accounting purposes into minor objects. These terms are discussed below. Note: An agency has discretion to make expenditures within a major object as it sees fit; the agency is not bound by the minor object recommendations.

Personal Services or **PS** - Personal Services is compensation for the services of officials and employees of the State. The minor objects within PS are Permanent, Full-Time Positions; Other Positions (e.g., part time or temporary positions); Overtime; and Other (e.g., shift differential and hazardous duty pay).

Other Expenses or **OE** - In the major object of OE there are three major categories of minor objects: Contractual Services, Commodities and Sundry. *Contractual Services* are considered compensation for services secured by contract. *Commodities* are considered all supplies, materials and equipment not normally regarded as capital items. *Sundry charges* include all expenditures not properly assignable to other standard accounts; for example: rewards for escaped inmates, employee fringe benefits, Lottery prizes and payments to agents, and student grants and aid. OE minor objects are myriad and, in fact, related minor objects have been consolidated for purposes of display in the Governor's budget.

Other Current Expenses or **OCE** - Other Current Expenses are authorizations for a specific purpose which can be spent on PS, OE, Equipment or Fixed Charges as long as the funds are spent for the purpose for which the funds were authorized.

Equipment - Included in this category are all items of equipment (machinery, tools, furniture, vehicles, apparatus, etc.) with a value of over \$1,000 and a useful life of more than one year. Also included as equipment are all books, regardless of cost, purchased for the State Library or educational and other agency libraries where the library is a separate operating division or unit; this includes periodicals, films, tapes, microfilm, educational software, etc.

Fixed Charge or **Grant** - Fixed charges includes payments to institutions, agencies, individuals or undertakings that do or do not function directly under state control. Fixed charges are divided into either Payments to Other Than Local Governments (Grants - Other) and Payments to Local Governments (Grants - Local or Town Grants).

Employee Fringe Benefits - For the two major funds - the General Fund and the Special Transportation Fund - fringe benefits (pensions, unemployment compensation, health and life insurance, social security) are not part of agency

Glossary of Budgeting Terms Used in Part 2: Budget-in-Detail

budgets, but are funded centrally in Miscellaneous Accounts Administered by the State Comptroller. In the other appropriated funds, funds are provided in separate accounts to reimburse the General Fund for fringe benefits costs. Workers' Compensation claims are budgeted separately for the six largest users - the Departments of Public Safety, Mental Retardation, Mental Health and Addiction Services, Transportation, Correction and Children and Families. For all other state agencies, funds for workers' compensation are provided in a central account administered by the Department of Administrative Services.

Fiscal Year - The state fiscal year is from July 1 to June 30 of the following calendar year.

Function of Government - The budget document is broken into several categories or functions of government. The order in which agencies appear is determined by each agency's number as assigned by the State Comptroller; the agency number assignments are based on the function of government into which the agency falls. The functions of governments are as follows: Legislative; General Government; Regulation and Protection of Persons and Property; Conservation and Development of Natural Resources; Health and Hospitals; Transportation; Human Services; Education, Museums and Libraries; Corrections; Judicial; and Non Functional. Non Functional includes those accounts that do not automatically fit into one of the other categories of government and includes such items as Debt Service, the central workers' compensation account administered by the Department of Administrative Services, and a number of Miscellaneous Appropriations Administered by the Comptroller.

Funded Positions - This is the average number of full time positions that could be filled by an agency during the fiscal year without incurring a deficit or surplus if no turnover were taken out of an agency's budget and provided that all other personal services items were expended as budgeted.

Lapse - The lapse refers to appropriated amounts which the agency does not or cannot spend by the end of the fiscal year and which are not carried forward into the next fiscal year.

Program and Outcome Measures - These measures quantify the key aspects of program performance such as workload, output, outcome, client/employee ratios, response times, etc.

Turnover - Turnover is a reduction taken in personal services to reflect savings caused by either delays in hiring or hiring at a lower salary than the previous incumbent was paid.

Personal Services Reduction - This is a reduction in personal services taken to reflect economies and efficiencies in operations.

