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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION

September 15, 2000

FINANCE MEMORANDUM MEMO NO. 00-26

TO: All Department Heads
PPB Coordinators

FROM: Neal Miyahira
Director of Finance

SUBJECT: Transmittal of Instructions and Data Collection Sheets for Completion of the FY 00 and FY 01 Variance Report

Pursuant to Chapter 37-75, HRS, the Governor is required to submit an annual Variance Report to the Legislature 30 days before the start of each regular session of the Legislature. Transmitted herewith are the instructions and data collection sheets for the preparation of this report for submission to the Department of Budget and Finance (B&F), which will prepare the final report for submission to the 2001 Legislature.

One set of your department's data collection sheets is attached. The original and one copy of the turnaround forms must be returned to B&F.

The completed data collection sheets and two copies of the accompanying Variance Report narratives must be returned to B&F by November 1, 2000. Any questions on the attached material should be directed to the B&F analyst assigned to your programs.

Thank you for your attention and cooperation in this matter.

Attachments

No. 1 Capitol District Building, 250 S. Hotel Street, Honolulu, Hawaii 96813

SPECIFIC INSTRUCTIONS FOR COMPLETION OF THE DATA COLLECTION SHEET

All the data entered on the data collection sheet may be handwritten in ink or typewritten. Please be sure that all figures are legible.

1. FY 00 - Budgeted and Actual

"$" Lines (Cards A02, A04)

The preprinted amounts in this section reflect only the Part II, Section 3 program appropriations (all means of financing) contained in Act 91, SLH 1999, as amended by Act 281, SLH 2000. Do not include collective bargaining augmentation funds in the budgeted amount.

The preprinted actual expenditure figures were obtained from the FY 00 expenditure plans. These figures should be revised, if necessary, to reflect the amounts actually expended plus amounts encumbered at the end of the fiscal year from Act 91, SLH 1999, Part II, as amended by Act 281, SLH 2000, and Act 60, SLH 1999.

Actual expenditures should be entered whether or not there is a corresponding budgeted amount. If there is no actual expenditure for a budgeted amount, a zero (0) should be entered in the "Actual" column. If there are no budgeted and actual expenditures, the entire line should be left blank.

All expenditure amounts (budgeted and actual or estimated) in both FY 00 and FY 01 should be entered in thousands of dollars.

"P" Lines (Cards A01, A03)

Like the "$" lines, the budgeted position counts should reflect the appropriated counts contained in Act 91, SLH 1999, as amended by Act 281, SLH 2000. Only permanent authorized positions filled as of the end of the fiscal year (June 30, 2000) are to be entered in the "Actual" columns.

If a position count is shown in the "Budgeted" column, an entry must be made in the "Actual" column, even if the amount to be entered is zero.

If there are positions to be entered in the "Actual" column, they should be entered even if no count is shown in the "Budgeted" column.

If the "Budgeted" column contains no position count and there is no entry to be made in the "Actual" column, leave the entire line blank.

All personnel position counts should be reported to two decimal places (e.g., 101.56).

2. FY 01 - Budgeted and Actual or Estimated

"$" Lines (Cards A06, A08, A10 and A12)

Chapter 37-75, HRS, requires that variances be shown for the first three-month period and the remaining nine-month period of the current fiscal year.

The budgeted and actual amounts shown were obtained from the first quarter data on the FY 01 Operational Expenditure Plans if available. The nine-month budgeted amount was obtained by subtracting the first quarter budgeted amount from the total appropriation amount. The nine-month estimated expenditure was taken from the last three quarters' amounts on the Operational Expenditure Plans.

You may change the breakdown of the budgeted amounts between the first quarter and the last three quarters: however, the total of the two budgeted amounts must equal the program appropriations (all means of financing) in Part II, Section 3 of Act 91, SLH 1999, as amended by Act 281, SLH 2000.

The actual or estimated data must reflect estimated expenditures from Act 91, SLH 1999, as amended by Act 281, SLH 2000, plus collective bargaining and pay adjustment amounts from Act 60, SLH 1999.

"P" Lines (Cards A05, A07, A09, and A11)

There is no need to make an allocation of budgeted positions into three-month and nine-month periods. The amounts entered (on the "P" lines) as budgeted are the same for both fiscal periods. Example: If 25.31 positions are authorized by the Legislature, 25.31 is entered on "P" lines of both budgeted columns (1st quarter and last 3 quarters). A difference should then be shown between the 25.31 positions budgeted and the actual number of positions filled as of September 30, 2000, and the number estimated to be filled as of June 30, 2001.

3. Variance from Planned Levels of Effectiveness

(Cards B01-B10)

The preprinted measures of effectiveness are those that were approved in December 1998 and became effective on July 1, 1999.

For each preprinted measure, one of the following must always be entered in the "Actual" columns, as follows:

1. If the amount is known, the numeric data should be entered in data boxes for the "Actual" data. A zero should be entered only if the amount is known to be zero; it should not be used to indicate that an amount is unknown. An amount may be entered in the "Actual" column even if the "Planned" column is blank.

2. If the amount is not known (because of a lack of data), "NO DATA" should be written in data boxes for "Actual," as appropriate. This is the only instance where alphabetic information may be entered in the data boxes.

Use only the measures of effectiveness that are preprinted on the table. New measures may not be added. If the preprinted measures of effectiveness are not correct, B&F should be contacted.

Do not change the preprinted "Planned" data. The planned data comes from the Tables A, B, C completed in December 1998. The "actual" data entered on these data collection sheets will not automatically update the data on the Tables A, B and C.

4. Variance from Planned Program Size

(Cards C01-C10; Cards D01-D10)

The same instructions, as specified for levels of effectiveness above, apply to this part.

5. Higher Level Programs

Data collection sheets for higher-level programs (those without a program ID) have been issued to the B&F analyst in charge of that major program area. Expenditure and position data need not be entered for the higher-level programs since both will be computer generated. However, data must be entered for the measures of effectiveness. In some cases, departments will be contacted by their B&F analyst to enter any planned and actual data applicable to their department.

THE NARRATIVE EXPLANATIONS

General

Narrative explanations of the significant variances in the performance measures for each program will be included in the Variance Report document. A sample format is attached. Please refer to the Variance Report document dated December 1998 for more examples. The items should be referred to as follows:

Expenditure and Positions:

Research and Development is in Part I, Item 1. Operating is in Part I, Item 2.

Measures of Effectiveness:

These should be referred to as Part II, Items 1 through 10. They will be printed in the Variance Report document in the same order as they are printed on the data collection sheet, without blank lines. For example, if the data collection sheet contains

Measures of Effectiveness data on all lines except line 06, the 9 lines of data will be printed as Items 1 through 9 in the VR document; Item 10 will be blank and there will be no gap on Line 06.

Program Target Groups:

These should be referred to as Part III, Items 1 through 10. They will be printed in the Variance Report document in the same order as they are printed on the data collection sheet, without blank lines. For example, if the data collection sheet shows Target Group data only for Cards C01, C02 and C05, they will be printed as Items 1, 2 and 3.

Program Activities:

These should be referred to as Part IV, Items 1 through 10. They will be printed in the Variance Report document in the same order as they are printed on the data collection sheet, without blank lines, like the Program Target Groups.

Typing Format:

The narrative explanations must be typed lengthwise (across the 14" side) on 8-1/2" x 14" paper, with a one inch margin on the left and right sides of the paper similar to the narratives prepared for the program plans.

Narratives on 8-1/2" x 11" paper with a one inch left margins and one-half inch right margins will also be accepted. The original typed narrative plus one copy should be submitted to B&F.

Typing should be divided into two columns. Each page should have the program structure number typed in the upper right corner, with the Program ID typed immediately below it. The upper left corner should contain the program title. A sample format is attached.

Important: The narrative for a program should not exceed one page (i.e., one side of a sheet of paper), unless permission is first obtained from B&F.

Required Explanations

In accordance with Section 37-75, HRS, any significant differences between budgeted and actual expenditures, positions filled, program size indicators realized and effectiveness measures attained during FY 99 must be explained. In many instances, this will require a judgment as to what is significant. Certainly, a variance of more than 10% or greater than $75,000 from the planned or budgeted amounts should be explained, but in certain instances even smaller variations may be important enough to warrant an explanation. In addition, the basis upon which the original estimates were formulated needs to be discussed. The impact, future costs and effectiveness, and

other related requirements should also be included as part of the narrative explanation. If there are any questions whether a particular difference warrants explanation, the B&F should be contacted.

It should be noted that the budgeted amounts shown or to be entered on the data collection sheet are the amounts actually appropriated by the Legislature. Therefore, one explanation for large expenditure discrepancies might be an expenditure allocation lower than that appropriated. There are, of course, many other possible explanations.

Although capital investment costs are not shown on Report V61 (or data collection sheet), any significant capital project variations in scheduling, costs, etc., should be explained in this narrative. Appropriate references should be made to the Multi-Year Program and Financial Plan, where the details of scheduling, costs, etc., are shown. Each project's title and project number should be given to aid in locating the information in the plan.

Because of the requirement that only significant differences be explained, it is possible that a specific program may require no narrative at all. If such is the case, the matter should be discussed with B&F.

SAMPLE

VARIANCE REPORT NARRATIVE
FY 00 and FY 01

01 03 01
AGR 101

PROGRAM TITLE: Financial Assistance for Agriculture

Part I - EXPENDITURES AND POSITIONS

Part II - MEASURES OF EFFECTIVENESS

Part III - PROGRAM TARGET GROUP

Part IV - PROGRAM ACTIVITIES