BUDGET LETTER

	NUMBER:	17-11
SUBJECT: BUDGET ROLLOVER IN HYPERION FOR THE 2018-19 BUDGET CYCLE	**DATE ISSUED:**	July 11, 2017
REFERENCES: BUDGET LETTERS 16-22, 16-23, AND 17-08	**SUPERSEDES:**	BL 16-13

TO: Agency Secretaries
        Department Directors
        Departmental Budget and Accounting Officers
        Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter is to inform departments of the data rollover rules in Hyperion. The rules are similar to those used last July, with a couple of changes to enhance system performance, usability, and efficiency. In preparation for the 2018-19 fall budget process, data in Hyperion is being consolidated and will be used to populate the starting point for the 2018-19 budget development (the "rollover"). The system should be available to departments in late July or early August.

I.   Glossary Relevant to this BL

BBA	=	Baseline Budget Adjustments. These are baseline expenditure adjustments such as employee compensation, carryovers, etc.
BR	=	Budget Requests. These are issues identifying changes to dollar amounts and/or positions for any fiscal year in the system.
BU	=	Business Unit. This four-digit number is equivalent to an organization code/entity.
Category	=	An account code in the Chart of Accounts.
CSL	=	Current Service Level (a consolidated starting point in Hyperion for each BU for all fiscal years).
ENY	=	Enactment Year.
FTEs	=	Full-Time Equivalents or Positions. These terms are used interchangeably.
RTL	=	Revenues, Transfers, and Loans.

II. What Will be Included and Timeframe

Rolled over information will become the starting point for the 2018-19 budget cycle. The data elements included in the rollover for each item-ENY-program-category combination are:

1. Requested Amount
2. Estimated Savings
3. Estimated Carryover
4. Budgetary Expenditure
5. Non-add values of the above
6. FTEs
7. Revenues, Transfers, and Loans
8. 2016-17 (now past year) through 2022-23 in Hyperion

In late July, after the Department of FI$Cal has completed the rollover activities, Finance will validate statewide data in Finance's version in Hyperion and FI$Cal will validate data in department's version. The purpose of the validation is to ensure the rollover process was performed correctly. Departments may also want to validate data in their respective GB Dept Working version before making any new entries for the 2018-19 cycle.

III. Rules for the Rollover

Below are detailed rules for data that will be rolled over from the 2017-18 budget cycle to create the new base for the 2018-19 budget cycle. These are the same rules applied last year, unless otherwise identified as a new enhancement this year.

A. Expenditures and Positions

Support Budgets:

2016-17 fiscal year (Past Year)—*ENHANCED:* During the summer 2015 and summer 2016 rollover processes in Hyperion (after each Budget Enactment), all underline expenditure adjustments were consolidated into the CSL for each department's budget by item-ENY-program-category, with the exception of past year BRs. This action was needed to have past year adjustments displayed in the "Detail of Appropriations and Adjustments" section of the Governor's Budget galleys. Beginning with the 2017 rollover, past year expenditure BRs will no longer be individually retained for Governor's Budget display purposes. Instead, all approved BRs from the 2017-18 budget cycle will be consolidated and added to the current CSL to create the new CSL amount for 2016-17 (the past year in the 2018-19 budget development cycle). Each unique combination of Item-ENY-Program-Category will be consolidated.

This process will:
- Simplify both the past year reconciliation and data validation exercises for departments;
- Remove information repeated from the Detail of Appropriations and Adjustments in the 2017-18 Budget Enactment galley and show only adjustments made in the new 2018-19 budget cycle; and
- Improve Hyperion performance by reducing the amount of data residing in the budget development environment, which will also display a cleaner workspace for users.

Importantly, this change will not reduce the availability of information – Finance and departmental users may view past/prior year data in archived data applications (i.e., CalPLN15, CalPLN16, and CalPLN17 that will be available by late July), as well as on Finance's eBudget website and in Budget Enactment galleys. This change is specific to expenditure BRs; revenue BRs are already consolidated in the rollover process, while BRs for revenue transfers and for loans will continue to be rolled over individually.

2017-18 fiscal year (Current Year)—All approved BRs from the 2017-18 budget cycle will be consolidated and added to the current CSL to create the new CSL amount for 2017-18 (the new current year in the new budget cycle). Each unique combination of Item-ENY-Program-Category will be consolidated.

2018-19 through 2021-22 fiscal years (Budget Year [BY] through BY+3)—All approved BRs from each fiscal year in the 2017-18 budget cycle will be consolidated and added to the current CSL amount to create the new BY through BY+3 CSL amount for the 2018-19 budget cycle. Each unique combination of Item-ENY-Program-Category will be consolidated. Item details for appropriations approved in 2017-18 with one fiscal year to encumber will be repeated in 2018-19, as well as out years with an ENY and year of completion of 2018. Item details for appropriations with multiple years to encumber (and still available for encumbrance beyond 2017-18) will retain the original ENY and year of completion (these are continuing or continuous appropriations). This process will repeat each fiscal year.

2022-23 fiscal year (BY+4)—Will have the same new CSL as that in the 2021-22 fiscal year.

Capital Outlay Budgets:

2016-17 and 2017-18 fiscal years—Same as support budgets.

2018-19 through 2022-23 fiscal years—All dollars are zero-based.

B. Revenues

For all fiscal years, all individual approved revenue BRs will be consolidated and added to the current CSL in the 2017-18 budget cycle to create the new CSL amount for the 2018-19 budget cycle. Similar to the expenditures, each unique combination of BU-Fund-Revenue Category will be consolidated.

C. Revenue Transfers and Loans

For all fiscal years, all Revenue Transfer and Loan BRs will be retained individually and rolled over. For Revenue Transfers and Loans, there are no consolidated CSLs. This will provide capability to edit the BR amount, name, and title, if needed. Departments and Finance will not have to recreate all of the individual BR name and titles for the Governor's Budget Fund Condition display. *ENHANCED:* The fiscal year will be globally changed from "2017" to "2018" in the BR names during the rollover process to help minimize workload.

D. Rounding to "000"

For budget purposes, there is no need to track dollars below $1,000. The level of precision is unnecessary, and creates additional workload and reconciliation problems between level zero data and rolled up data. As part of the rollover process, all data will end with "000." Users must not enter amounts that do not end with "000."

IV.   <u>**Updating in the New Budget Cycle**</u>

At this time, it is anticipated that the system will be available for all departments to upload or enter data by late July or early August. Future instructions will be issued regarding these technical processes:

- Updating past year expenditures and revenues and reconciliation of fund balances; and,
- Updating baseline expenditure adjustments via BBAs, and revenues, transfers, and loans via RTLs for the new current year and beyond.

If you have any questions, please contact your Finance budget analyst.

/s/ Veronica Chung-Ng

Veronica Chung-Ng
Program Budget Manager