



ELIOT L. SPITZER  
GOVERNOR

STATE OF NEW YORK  
**EXECUTIVE DEPARTMENT**  
DIVISION OF THE BUDGET  
STATE CAPITOL  
ALBANY, NEW YORK 12224  
[WWW.BUDGET.STATE.NY.US](http://WWW.BUDGET.STATE.NY.US)

PAUL E. FRANCIS  
DIRECTOR

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**TO: ALL DEPARTMENT AND AGENCY HEADS**

**FROM: Paul E. Francis** *Paul Francis*

**SUBJECT: Implementation of Chapter 1 of the Laws of 2007 (Budget Reform)**

This Bulletin provides an overview of the new procedures that are required for implementation of the more detailed non-Federal State Operations appropriations mandated by Chapter 1 of the Laws of 2007 (the Budget Reform statute).

### **Background**

Among other provisions, Chapter 1 amended the State Finance Law to require, for all **new, non-Federal State Operations appropriations proposed in the Executive Budget or added by the Legislature**, that:

- For personal service, separate appropriations shall be made for regular personal service, temporary personal service, and holiday and overtime pay;
- For nonpersonal service, separate appropriations shall be made for supplies and materials, travel, contractual services, equipment and fringe benefits, as appropriate.

The 2007-08 appropriation bills are structured as described above and will be enacted in that form. To recognize and control the enacted amounts as separate appropriations during budget implementation, certain changes will be needed in the Central Accounting System and in the form of Budget Certificates of Approval of Availability (certificates).

### **Key Points**

- The new appropriation format means that the subobject amounts must be controlled as appropriations, both on certificate and in the Central Accounting System (CAS).
- Multiple appropriations within the same program and fund/account continue to be governed by the existing State Finance Law interchange provisions and are therefore interchangeable if necessary. (See Budget Policy and Reporting Manual Item B-400 at <http://www.budget.state.ny.us/b/b400.html>)

- Certificate interchanges must be processed to move appropriation authority between the appropriated amounts so that sufficient spending authority is available to allow payments to be made for a particular “subobject.”

## Implementation of Changes

The needed changes involve the following actions:

1. **Adoption of a revised, standard certificate format for non-Federal State Operations appropriations.** DOB and OSC have collaborated on a template for a new certificate that captures the more detailed appropriations. **This format is now mandatory for certificates for 2007-08 non-Federal State Operations appropriations.** Templates, in the form of two completed sample certificates, are attached as electronic files. Reappropriations that do not contain the detail prescribed by Chapter 1 may continue to be allocated using budget certificate formats previously approved for use by DOB.
2. **Creation of additional accounts, and modifications to object codes,** in the CAS to accommodate the more detailed appropriations. OSC has been working diligently over the last several weeks to develop approaches to these changes, most of which will be made automatically and will minimize the need for work to be done by agencies. See Accounting Bulletins A-571 through A-574 at: <http://www.osc.state.ny.us/agencies/abulls/alist.htm> or contact your OSC Appropriation Section representative for further information.
3. **Changes to agencies' internal financial management systems** that may be needed to generate the revised certificates and otherwise implement the new appropriation structure. For agencies generally, and as an interim approach if needed for agencies with automated systems, the certificate templates are being made available as Excel files.

The Budget Division is exploring ways to streamline the cert process and minimize the number of certificates resulting from the change to more detailed appropriations. Meanwhile, please discuss these requirements with your budget examiner so that you have a mutual understanding of the agency, DOB and OSC requirements.

## Questions

Agencies are asked to contact their normal OSC Appropriation Section contact person to discuss any technical aspects of certificates and appropriation accounts. Agency staff are asked to raise policy questions regarding certificates or accounts with their respective Budget examination units.

## Attachments

**NOTE:** This Bulletin applies to the appropriations enacted in the 2007-08 fiscal year, as well as subsequent appropriations enacted in conformance with the requirements of Chapter 1.