

Kentucky Department of Education

Budget Overview - April 2015



Budget of the Commonwealth

- Commonwealth's two-year financial plan for spending moneys for specific or general purposes from specified public funds which denotes:
 - Summary and detailed comparative statements of expenditures for each of the previous two fiscal years
 - Budget of the current fiscal year
 - Recommendations for the next two fiscal years
- Required by each branch of government (Executive, Judicial, Legislative)
- Submitted every odd-numbered year



Budgeting definitions

Fiscal Year – It begins July 1 each year and ends June 30 the following year. The current fiscal year is FY 2015 – July 1, 2014 through June 30, 2015.

Appropriation – Authorization by the General Assembly to expend, from public funds, a sum of money not in excess of the specified amount for the purposes detailed in the authorization (KRS 48.010).

Allotment – This is a subset of an appropriation. Allotments can be used to control spending within a specific time period and to control spending by object type.

K-Bud – The term that is used for the state's budgeting software for use in the preparation and execution of the budget.

Budget Preparation – Software application for submitting biennial budget request in the fall of each odd-number year

Budget Execution – Software application for loading and modifying budget amounts throughout the fiscal year

eMARS (Electronic Management Accounting and Reporting System) – The term that is used for the state's fiscal and accounting system.

Fund Sources

General fund (0100) – State tax revenue collected by the Commonwealth under general tax laws and appropriated by the General Assembly to finance activities of state government.

Restricted fund (1300) – Receipts from revenue and non-revenue sources restricted as to purpose by statute, including budget acts.

Federal fund (1200) – Receipts from the federal government for a specific purpose.

Road fund (1100) – Funds from excise or license taxation relating to gasoline or other motor fuel products and moneys derived from fees, excise, or license taxes relating to registration, operation or use of vehicles on public highways. § 230 of the Constitution dedicates these revenues for highways, bridges, vehicle regulation and related administrative purposes.

Capital (0200) – Monies appropriated under provisions of KRS 45.750 to 45.800 for capital projects.

Off budget (1400, etc) – Interest and non-interest bearing accounts with no distinct appropriation by the General Assembly.

Operational features of a Budget Bill

- No provision of a budget bill is effective beyond the second fiscal year from the date of enactment.
- A budget bill may contain language that exempts the appropriation from the operation of a statute for the effective period of the budget bill.
- Any provision of any statute in conflict with the provisions of the budget bill can be suspended or modified but does not extend beyond the duration of the budget bill.

Biennial Budget Process/Calendar

Date	Year	Documentation/ Process to be Completed
April 1	Odd-numbered year	Representatives from the 3 branches of government propose draft 'forms' to be adopted by LRC (KRS 48.040)
April 15		Six-Year Capital Plan requests are submitted to the Capital Planning Advisory Board
July 1	Odd-numbered year	LRC approves forms to be used by agencies (KRS 48.040)
August 30		OSBD prepares and delivers personnel positions with associated costs to each agency
September 1	Odd-numbered year	Finance & Administration Cabinet supplies all branches and agencies with forms, instructions, manuals, and expenditure history for budget preparation
September 1 – November 1		Agencies work to complete their budget submissions
November 15	Odd-numbered year	Head of each budget unit submits his/her budget to branch designee (KRS 48.050)
10 th (15 th) Legislative day of each regular session		Branch budgets must be submitted to the General Assembly (KRS 48.100)
Regular Session		General Assembly works to pass the budget for the Governor's signature

Budget Cost Categories

Personnel – Salaries, wages, benefits and increments of all officers and employees, and payment to persons awarded personal service contracts.

Operating – Expenditures directly attributable to the operation of state government.

Grant/Loans/Benefits – Expenditures for any grant, aid, loan or relief payment to individuals, organizations, or jurisdictions.

Capital Outlay – Exchange of values involved in acquiring lands, buildings, or other permanent properties, or in their construction, development, or permanent improvement. These are restricted to costs less than \$600K and items of equipment or other capital items estimated less than \$200K.

Debt Service – Money required to pay the interest, principal, and required contributions to accumulate moneys for future retirement of lawfully incurred debt.

Capital Budget

- The Capital Planning Advisory Board is charged with issuing a comprehensive state capital improvement plan containing its proposal for state spending for capital projects and proposed funding over a six-year period (KRS 7A).
- Using the Six-Year Plan as a guide, each agency prioritizes its individual needs, justifying in detail each request project. The budget request is the first step in the formal process toward obtaining authorization of capital items.

Strategic Planning Requirements

Strategic Planning

KRS 48.810 requires that each program cabinet, the Department for Local Government, the Department of Military Affairs, and the Commonwealth Office of Technology shall develop and submit a four (4) year strategic plan to meet the broad goals outlined by the Governor, and shall submit an electronic copy of the full plan and an electronic copy of a brief summary of that plan to the state budget director. This documentation is to be included with the budget submission.

