

Kentucky Department of Education

Budget Process Overview - April 2017



Budget of the Commonwealth

- The 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 – Begins July 1 each year and ends June 30 the following year. The current fiscal year is FY 2017 – July 1, 2016 through June 30, 2017.

Appropriation – Authorization by the General Assembly to expend public funds 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 control spending within a specific time period and 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 accounting and procurement 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. Kentucky Constitution § 230 dedicates these revenues for highways, bridges, vehicle regulation and related administrative purposes.

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



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	Documentation/ Process to be Completed
April 1	Representatives from the 3 branches of government propose draft 'forms' to be adopted by the Legislative Research Commission (LRC) (KRS 48.040).
April 15	Six-Year Capital Plan requests are submitted to the Capital Planning Advisory Board.
July 1	LRC approves forms to be used by agencies (KRS 48.040).
August	Office of the State Budget Director (OSBD) prepares and delivers personnel positions with associated costs to each agency.
September 1	OSBD 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	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, principle, 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 project requested. 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 state agency develop and submit a four (4) year strategic plan to meet the broad goals outlined by the Governor. The agency shall submit the full plan and a brief summary of the plan to the State Budget Director. This documentation is to be included with the budget submission.



Next Steps

- June KBE Meeting
 - KDE Baseline Budget Presentation
 - Introduction regarding additional budget priorities
- August KBE Meeting
 - Budget Priorities – item discussions
- October KBE Meeting
 - KBE approval of 2018-2020 Agency Budget Request



Questions and Feedback

Robin Fields Kinney
Associate Commissioner
Office of Administration and Support
Robin.Kinney@education.ky.gov
502-564-1976

Charlie Harman
Director
Division of Budget and Financial Management
Charles.Harman@education.ky.gov
502-564-2351

