

# MSDE Budget 101

Getting the  
Appropriate Appropriation



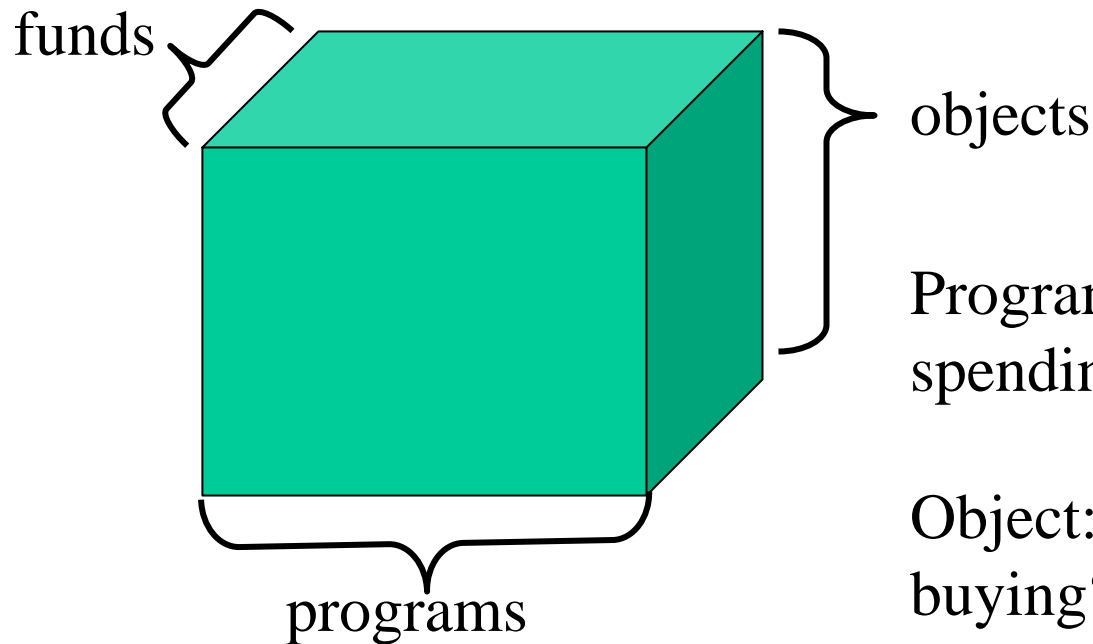
# Overview of This Presentation

- MSDE's Account Code Structure
- Establishing an Appropriation
- Budget Amendments
- Closing the Year

# MSDE's Operating Budget

- Four Budgetary Units
  - Headquarters
  - Aid to Education
  - Funding for Educational Organizations
  - Children's Cabinet Interagency Fund

# Built in Three Dimensions



Program: Where are we spending our money?

Object: What are we buying?

Fund/Grant: How are we paying for it?

# Appropriation

- The budget Appropriation is the legal authorization to spend the funds.
- Specific to a Budget Program (that is, a HQ Division or an Aid Program)
- Also specific to Appropriated Fund Source (General, Special, Federal)

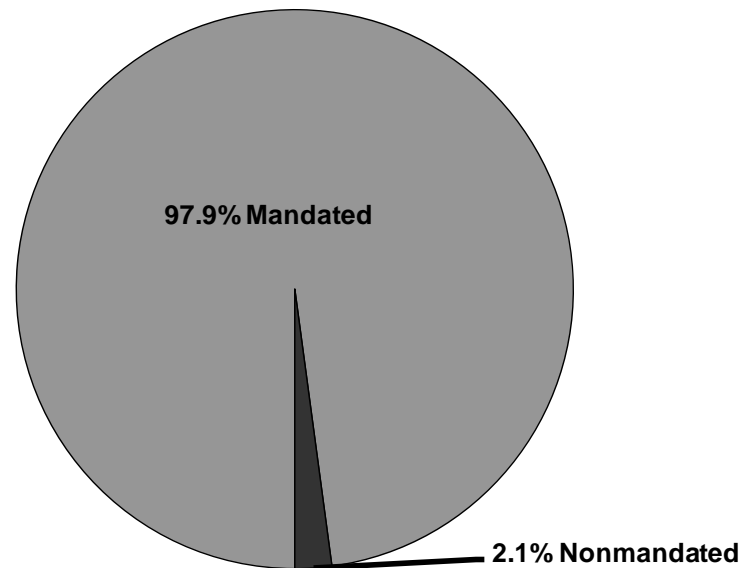
# Establishing the Appropriation

- Can be established in two ways:
  - Through the annual budget bill
    - Allowance amounts
    - Supplemental budgets
    - Deficiency requests
  - Through budget amendments during the year

# Estimating Revenues General Funds

- General Fund Original Estimate
  - Prior Year Appropriation
  - + Increases in Mandated Programs
  - +/- Annualizations and Other Expected Changes
- Adjusted Upon Receipt of Target from DBM

# Aid to Education General Funds



FY 2009 Original Appropriation of \$5.32 billion



# Estimating Revenues Nongeneral Funds

- Each MSDE Program Manager estimates the funding to be received in the budget year
- Reports on "Form 1"
  - Total Amount of the Estimate, and
  - Amount Allocated by Unit
- This becomes the basis for Request

# Target vs. Over the Target

- The operating budget target level is the maximum level at which the agency is authorized to submit the budget Request
- Requests for funding in excess of this level are considered "Over the Target," and submitted separately

# Budget Development

- Overall a 2  $\frac{1}{2}$  year process
- The agency develops and submits the "Budget Request" - Feb. through August
- In January, the Governor establishes the "Budget Allowance," which becomes the Budget Bill sent to the General Assembly.
- By the end of the legislative session in April, the General Assembly establishes the "Appropriation."
- Budget Execution runs from July - June.

# Minor Budget Alignments

- Minor alignments (those not impacting the budget at the program and appropriated fund level) are processed as needed to adjust the agency budget within divisions.

# Budget Amendments

- Occur whenever the current budget appropriation requires adjustment
- Required whenever a change is necessary to the appropriation level (Budget Program & Appropriated Fund)

# Types of Amendments

## State Board Approval Items

- Tying in to Grant Award received
- Carryover from prior fiscal year
- Transfers between programs
- Tying in to the approved Indirect Cost rates
- Reorganizations

# Types of Amendments

## State Board Information Items\*

- Recognition and subsequent Release of Withheld Allotments
- Deficiency Appropriations
- Decreases to the appropriation level to recognize lower than budgeted Grant Awards

# Closing the Fiscal Year

- A closing budget amendment(s) is prepared to make remaining budget adjustments required
- Working with the Financial Reps, the MSDE Accounting Branch reconciles Expenditures and Encumbrances



# Closing the Fiscal Year (cont'd)

- Reversions - Any unobligated General Fund balance at year end is reverted to the State General Fund
- Also applies to Withheld Allotments for which the conditions were not met

# Closing the Fiscal Year (cont'd)

- Cancellations - Balances in non-general funds at the end of the fiscal year are cancelled
- Although MSDE cancels large amounts of funds each year, this does not necessarily mean that we lose the funding

# Closing the Fiscal Year (cont'd)

- Most of the Federal Funds cancelled by MSDE result from two reasons:
  - Funds that still are available to be carried over to the next fiscal year
  - Funds that had been anticipated, but were never received

# Closing the Fiscal Year (cont'd)

- Federal fund carryover results from the fiscal year overlap of three months and the Tydings Amendment (which allows funds to be spent for an additional 12 months)
- Special rules apply to Special and Reimbursable funds' carryover