

Fiscal Management

Fiscal/Budget Management 101



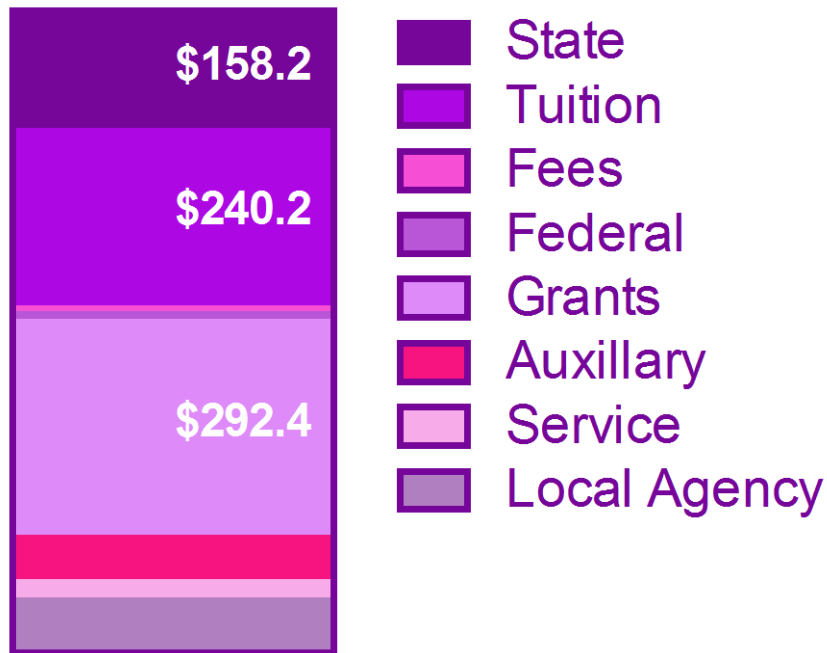
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FY 2016-2017 Budget Kansas State University



Total=\$869 million

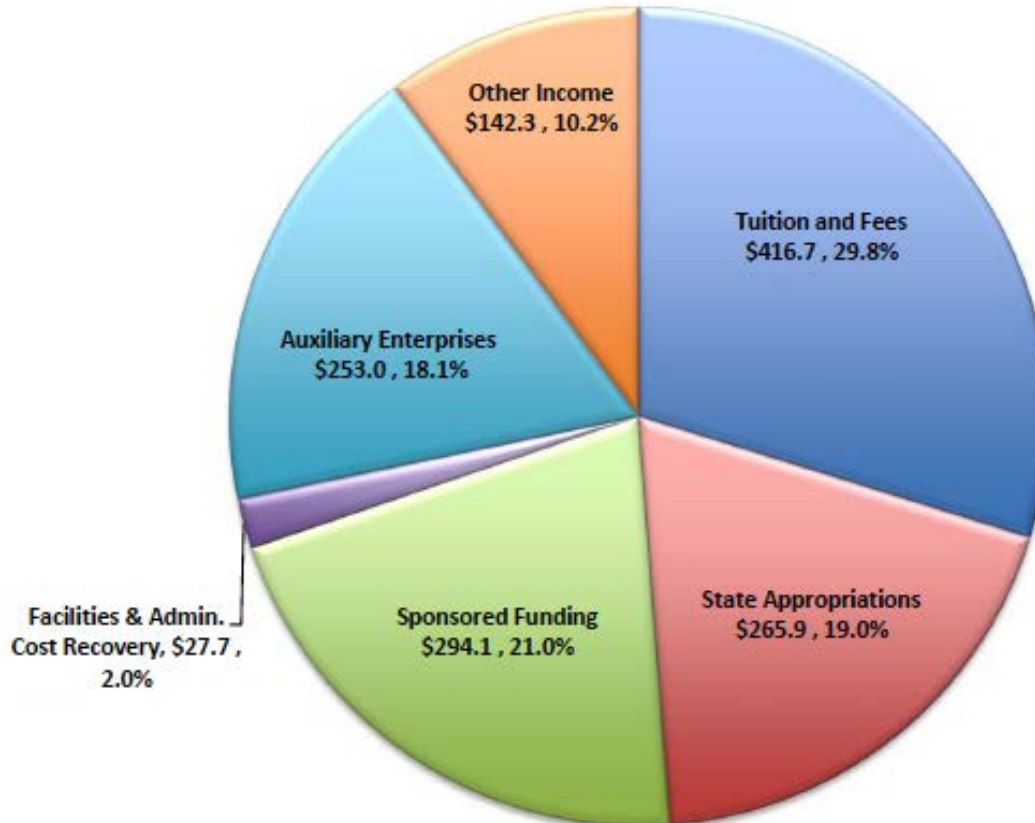
- Budget Includes
 - Main Campus
 - Research and Extension
 - Veterinary Medicine
- Enrollment ~24,000
- Research Expenditures ~\$188.7 million



FY 16 Budget Iowa State University

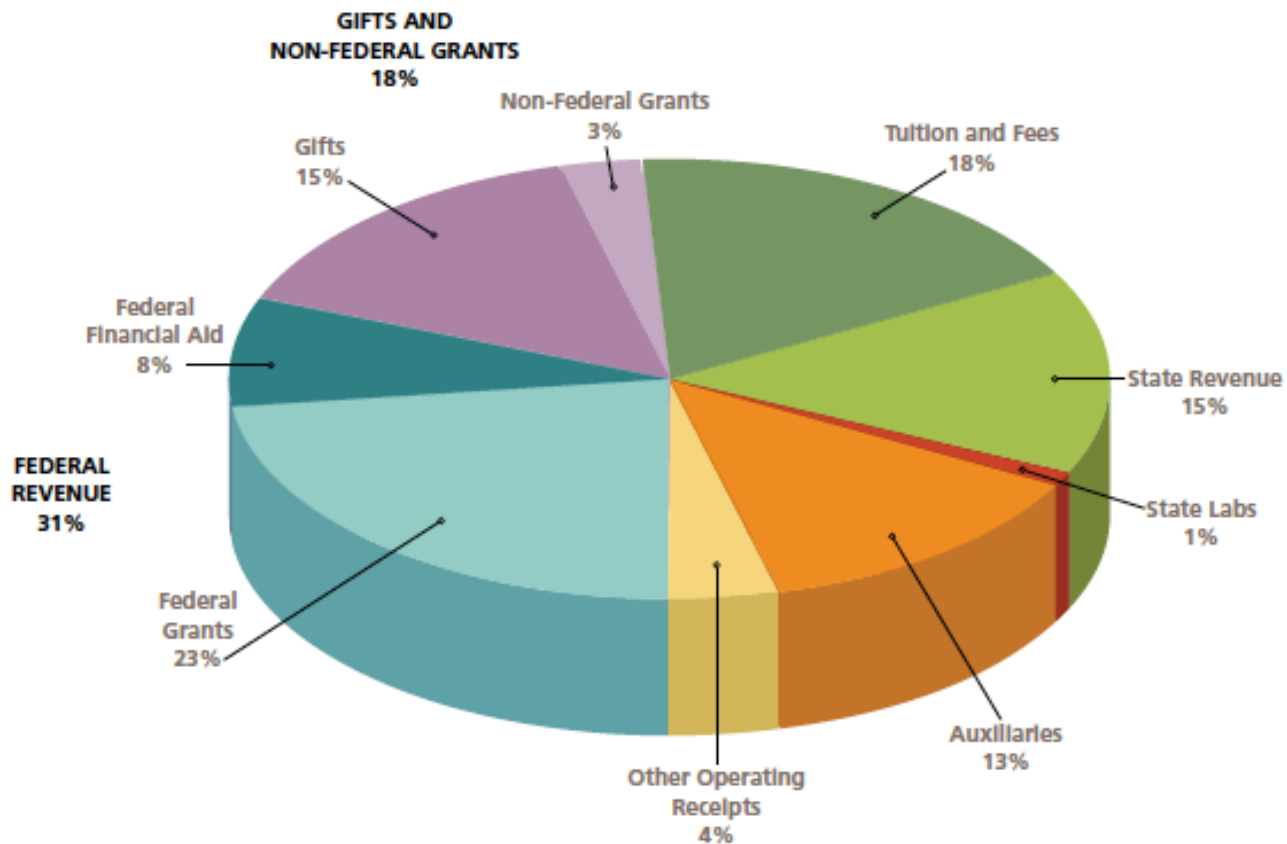
Total University FY16 Funding Profile

Total
\$1.4 billion



FY 16 Budget University of Wisconsin

Source of Funds



Commonalities Among Revenue Sources

- In general, top three sources are:
 - Grants and contracts
 - Tuition and fees
 - State appropriations
- Trends:
 - Tuition revenues appear to generally be the first or second largest source
 - Tuition is consistently greater than state appropriation
 - Federal funds are always minor percentage (but important!)



Overarching General Principles, Statements, Etc.

- College and AES/CES operations budget is a plan, not a contract (versus grant budgets that are part of a contract)
 - Budgeting does not obligate expenditure in a particular category
 - In general, the budget categories, sources, and dollar amounts reflect a historic perspective adjusted to projections for the upcoming year



Overarching Principles, Statements, Etc.

- What sources of funds are available, and how can they be spent
 - State, federal, foundation, grant, restricted
- Familiarize yourself the lingo (e.g. restricted versus general use)
- Know how the budget process for your state and institution works
- Are AES and CES budgeted with or separate from main campus?



Overarching Principles, Statements, Etc.

- Who controls which fund source?
- What happens to carry forward balances?
- Are there political ramifications for a particular budget decision?
- What is the breakdown between salary and operating in a particular fund source?
 - If heavy salary, obviously you don't have as much flexibility



Desirable Management Practices

- Must develop mutual trust and good working relationship
- Flows from regular face to face meetings
- Communicate your needs
 - Financial reports—do you understand them?
 - If not, how can they be customized
- Ask for additional reports—as needed
- Avoid rabbit holes or you'll wear out your welcome!



Desirable Management Practices

- Master juggling skills
- Multiple fiscal years are always being juggled
 - You should be focused on current fiscal year cash remaining
 - Next years' base budget funds
 - And, future allocation of funds (are you working toward strategic investment)



Management of Capacity (Formerly Formula) Funds

- Since this workshop is organized generally around AES/CES, focus here will be on Hatch and Smith-Lever.
- Who gets what and why?



FY 16 North Central Region Smith – Lever (3b-c) and Hatch, millions

State	Smith-Lever	Hatch Regular	Hatch MS
IL	9.8	5.5	1.4
IN	9.2	5.2	1.2
IA	9.6	5.4	2.3
KS	5.6	3.3	1.1
MI	9.2	5.3	1.2
MN	9.0	5.2	1.2
MO	9.1	5.1	1.1
NE	5.1	3.1	1.3
ND	3.4	2.2	0.8
OH	11.3	6.3	1.3
SD	3.7	2.3	0.8
WI	9.1	5.2	1.3

What's the Formula?

- For Smith-Lever 3b-c
- In general you get what you got last year if funding is level
- Or if funding goes up or down:
 - 20% of funds allotted in equal proportions to eligible institutions and six insular areas
 - 40% of funds allotted in proportion to the rural population
 - 40% of funds allotted in proportion to the farm population
 - The total breakdown for each institution and six insular areas based on the 20, 40, 40 breakout (as described above) is then added together to determine each of their FY allocation



What's the Formula?

- For Hatch
 - 3% of funds allotted to Federal Admin
 - 25% of funds allotted for the Hatch Multistate Research Fund (which is further allocated according to a separate calculation)
 - 20% of funds allotted in equal proportions to eligible institutions
 - 26% of funds allotted in proportion to the rural population
 - 26% of funds allotted in proportion to the farm population



What's the Formula?

- Hatch regular, allocated based on previous year
Or
- Funds in excess or deficit of the previous year's allocation are added or removed from the 72% allotted in equal proportions to institutions, by rural population, and by farm population (20%—26%—26%)



What's the Formula?

- This creates a new proportion for Hatch Act – Regular funds:
 - 27.7778% of Hatch Act – Regular funds allotted in equal proportions to eligible institutions
 - 36.1111% of Hatch Act – Regular funds allotted in proportion to the rural population
 - 36.1111% of Hatch Act – Regular funds allotted in proportion to the farm population



Authority Defined

- Federal Administrative Guidance
 - CES: All institutions receiving funds to support Cooperative Extension work must maintain a definite and distinct administrative division for management and conduct of work...Must have a director.
 - AES: Each agricultural experiment station must have a director and a treasurer responsible for accounting.



Authority Varies by State

- State Statute and State Constitution:
 - “... for the maintenance of the Cooperative Extension work ... there is hereby permanently appropriated out of any money in the state treasury ... the sum of one dollar [(\$1.00)] for each dollar allotted annually by the secretary of agriculture as provided in said act of congress [Smith-Lever Act of 1914] to the state of New Mexico”



Authority Varies by State

- “... All lands, together with the natural products thereof and the money proceeds of any of the lands and products, held in trust for the institutions, respectively, under their former names, and all properties heretofore granted to, or owned by or be considered granted to, the institutions individually under their names as hereinafter adopted and confirmed. The appropriations made and which may hereafter be made to the state by the United States for agriculture and mechanical colleges and experiment stations in connection therewith shall be paid to the New Mexico state university, formerly know as New Mexico college of agriculture and mechanic arts.”



Authority Varies by State

- “... in any county employing a county agent under the term of said acts [Morrill Act of 1862 and Smith-Lever Act of 1914], the board of county commissioners is authorized, upon petition of at least one hundred bona fide taxpayers within the county, to provide and appropriate such funds as are necessary for maintenance of Cooperative Extension work in agriculture and home economics within the county.”

