

STATE OF MISSISSIPPI DEPARTMENT OF EDUCATION	TOPIC: BUDGET PROCESS
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GENERAL

The Office of Budget & Planning establishes and maintains the Mississippi Department of Education (MDE) budget as appropriated by the Mississippi Legislature. This office ensures budget authority is established for program offices prior to expending funds and hiring new personnel. In addition, the Office of Budget & Planning prepares and submits the agency’s annual budget request to the Legislative Budget Office, calculates the Mississippi Department of Education’s indirect cost rate, and provides assistance with fiscal year planning to program offices.

STATE BUDGET PROCESS

The State of Mississippi provides funds to its agencies through a complex budgetary process. Each agency is required to submit an agency budget for its fund(s) two years in advance, i.e., the 2021 budget must be submitted by August 2019. The requested budget is submitted by the first of each August to both the Legislative Budget Office (LBO) and the Mississippi Department of Finance and Administration (DFA). The Governor and the Legislature rely on the reviews and assessments provided by these agencies when developing the budgets for all state agencies. During the legislative session (January through March or April), consideration is given to the agency budgets and they are enacted into law in the form of appropriation bills signed by the Governor. The provisions of these bills become the means for all agency expenditures for the approved fiscal year, which begins July 1. The budgets are entered into Mississippi’s Accountability System for Government Information & Collaboration (MAGIC) where a complete system of general accounting for most state agencies is maintained by DFA. Payments for agencies under DFA's jurisdiction are processed through MAGIC, and the system ensures there is available budget authority prior to payment of the expenditure and the issuance of a warrant. The approved agency budgets submitted to DFA are the governing documents for all expenditures. These budgets are established by commitment item (i.e. salaries, travel, contractual, etc.) and allocated by program office and/or division.

In order to comply with the state budgetary regulations and the imposed deadlines, the Department of Education begins its internal budget process each March. The departmental budgeting procedures are detailed below.

INTERNAL BUDGET PROCESS

Each March, the Office of Budget & Planning disburses via email budget request instructions and budget preparation files to each program office. These files include current budget information and spreadsheets to provide information for the requested fiscal year. The submitting office must complete the spreadsheets and provide narratives describing the programs and budget justifications for all increases in each commitment item. At the time the data is provided to the

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INTERNAL BUDGET PROCESS (continued)

offices, a deadline for completing the budget process is established. The offices are required to submit their budgets through their respective Chief by the due date.

The State Superintendent of Education and the Executive Leadership Team (ELT) will review the submissions from each program office. The State Board of Education (SBE) will review the budget request and will discuss any amendments or revisions with the State Superintendent of Education and the Chief of Operations. The final budget for the agency is submitted to the State Board of Education during its July meeting. Upon the Board's approval, the Office of Budget & Planning will finalize the budget and submit it through LBO's Online Budget Request System (OBRS) by the August 1 deadline.

FISCAL YEAR BUDGET

The Office of Budget & Planning allocates agency funds to each office at the beginning of each fiscal year (July 1) in MAGIC based on Legislative appropriation and approval of allocations by the State Superintendent of Education and the Chief of Operations. The allocations are divided into equal amounts for expenditures for each half of the fiscal year, unless requested prior to July 1 and approved by DFA. Program offices are notified once allocations have been established in MAGIC and prior to the expenditure of funds for the fiscal year.

BUDGET REVISIONS

During the fiscal year, there may be a need for an office to request a revision to its budget in order to shift funds from one commitment item to another or to request additional funds. In addition, there may be a need to decrease a budget due to excess funds. Any time a budget revision is needed, the initiating office must submit the request to the Budget office on a "Budget Revision Form." The [MDE Budget Revision Form](#) is provided on the Office of Budget & Planning website under the Documents section. This form is used for state and non-grant funds only. (Information regarding grant budget revisions can be found in the MDE Grants Manual). The form must contain the amount of the requested revision by commitment item in the first column and the new total budget should be reflected in the second column. There are two (2) such columns for each six-month period in the budget year. If the budget revision is to request additional funds, then an explanation is necessary. The explanation should be provided via email or an attached memo. The appropriate signatory authority must sign and date the revision request and submit the request to the Office of Budget & Planning for approval. The requesting office will be notified via email that the revision has been processed in MAGIC. Once this notification has been received, the funds may be expended.

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MONTHLY BUDGET REVIEWS

The Budget office will review, on a monthly basis, the budget(s) for each office or division. The review provides an opportunity for the Office of Budget & Planning and the program office to meet and determine whether revisions will be required, expenditures are coded to budgets incorrectly, explain any new procedures, provide MAGIC technical assistance, and plan the next year's budget process. The Office of Budget & Planning notifies the budget contact and the bureau director/manager to schedule these monthly meetings. The bureau director/manager should attend these monthly meetings along with the budget contact.

INDIRECT COSTS

Expenditures may be either direct or indirect and must be accounted for as such. Direct expenditures are those which may be attributed to a specific program area or grant. For example, an employee's salary can be directly charged to a U.S. Department of Agriculture grant if he or she spends 100% of time working on the School Lunch Program. A charge which is considered indirect would be one for any service or expenditure which cannot be directly attributable to a specific program area, but which provides a service to the program. The services provided by the Accounting office would be an example of an indirect cost. This office is responsible for the program expenditures and accounting for program funds, but it also performs similar services to the entire Department.

The Department of Education has determined that Budget, Accounting, Office of Technology & Strategic Services, Internal Accountability, Procurement, Public Reporting, Human Resources, and portions of Communications & Legislation perform service functions for the entire agency. Therefore, these offices and their respective positions are included in the agency's indirect cost plan. This plan must be submitted to the federal approving agency annually and is prepared and submitted by the Office of Budget & Planning. The approving agency (U.S. Department of Education) approves a standard rate for these services to be equitably applied to all grants and contracts which allow an indirect rate. The plan is submitted for the following year based on the prior year's actual expenses; therefore, the 2021 indirect cost is based on actual expenses from 2019. The expenditure data is obtained from the audited financial statements for the Department.

BUDGETING FOR FEDERAL GRANTS

Program offices should contact the Office of Budget & Planning prior to submitting a grant for federal funds to a federal or state agency to ensure it includes the indirect costs at the current approved rate. Each federal grant for which an application is made must include indirect cost.

The grant application process is described in detail in the Grants Management manual.