

Budget Memorandum 2016-17

May 11, 2016

To: **County Coordinator for Fiscal Matters**

From: **District Director**

This budget letter will serve to provide some background information to help you make budget decisions for FY17. Information on travel, professional improvement funds, support staff salaries, agent salary contributions, and base program costs is included.

As you fill out the County Cooperative Extension Service Budget Plan and other budget forms, be sure to include the anticipated income categories tax revenues, carryover money, interest, and other sources of revenue, i.e., all money available.

As you work on the budget, be sure to involve all agents and District Boards in the process and discussions. You will also need to involve your County Extension Council in discussing your program needs and use their recommendations for budget changes and revisions.

Even though this process focuses on the county's contribution to Extension, be aware of the fact that the University of Kentucky and counties share in the cost of the Cooperative Extension Service program.

Base County Support Cost.

The Base County Support Cost combines items such as software licenses and updates, converged fees, computer support by the District Extension Information Technology Coordinators (DEITC), and postage meter into a single lump sum line item. The amount of the Base County Support Cost is reviewed annually to determine whether any adjustments are needed.

Two-agent counties pay a Base County Support Cost plus a small contribution toward agent salaries. This cost covers a portion of Information Technology related costs and other such support item costs which are administered centrally for staff. The basic staffing pattern covered by this contribution is two agents and one secretary. The cost of the secretary's salary is paid by the county. If the county has additional secretaries or program assistants, there are additional per person Base County Support Costs for each.

The cost for a Two-Agent County (two agents and one secretary) this year will be **\$2,205**

Three-agent counties pay a Base County Support Cost and the Agent Salary Contribution. The staffing pattern covered by this contribution is three agents and one secretary. The cost of the secretary's salary is to be paid by the county, whereas the university and the county share the cost of the agent's salaries. In the event of an agent position vacancy, no refunds will be made for normal vacancy periods of up to six months because the money will be spread over the three positions and the program will continue

whether or not there is a vacant position. A pro-rated rebate will be given when the position is vacant longer than six months. Counties with more than three (fourth and additional) agents pay the entire salaries of such positions. Any unexpected salary funds due to vacancies in fourth and additional positions will be refunded to counties. Counties who experience a vacancy in the first three positions may choose to implement the Stop Gap Funding Mechanism. Guidelines for implementation of Stop Gap funding can be obtained from a District Director.

The cost for a Three Agent County (three agents and one secretary) this year will be \$2,625

There is a per-person Base County Support Cost for additional agents, secretaries, and program assistants beyond the four positions mentioned above (three agents and one secretary). Counties are not charged for: EFNEP, SNAP-Ed, KSU-paid program assistants, or custodians that do not have access to a computer. In addition, counties are not charged for biweekly staff members who work less than 7.5 hours per week (>20%).

The Cost Per Person Base County Support Charge (additional professional or support staff) this year will be \$525

Base Agent Salary Contribution.

Categories have been established that determine county contributions for base agent salaries. Counties were arrayed by a combination of two factors: (1) the per capita county property assessment and (2) the annual county Extension operating budget. The per capita property assessment is an indicator of the relative wealth of the county and the operating budget reflects the county’s traditional support for the Extension program. The two measures were combined into a single indicator, the counties were ranked from highest to lowest based on this combined measure. Finally, the counties were grouped into five categories. Category I includes the top 25 counties in rank order, Category II contains the next 25, and so on. (The ranking of counties is in a separate document.) The amount of the Base Agent contribution ranges from a high of \$69,300 for counties in Category I to a low of \$40,163 per year for those counties in Category V. The categories are as follows:

<u>Category</u>	<u>Rank</u>	<u>Contribution</u>
I	1-25	\$69,300
II	26-50	\$62,475
III	51-74	\$54,600
IV	75-100	\$47,250
V	101-120	\$40,163

Counties that are designated two agent counties will contribute \$2,389 per year. In addition, any county currently with three agents that moves to two agents after July 1, 2012, will contribute two-thirds of the Base Agent amount for that county’s category.

County Contributions for Benefits.

The cost of the benefits for county-paid secretaries and program assistants will continue to be a separate budgeted item. The cost varies from person-to-person depending upon which benefits an employee chooses. Guidelines for county contributions for these benefits are as follows:

- As was last year, counties will pay the full benefits for all full time county paid hourly staff. This will include such positions as county secretaries, county paid program assistants, and building maintenance personnel. For budgeting purposes the benefits will be assessed at 50% of their annual salaries. This is based on our best estimate of anticipated benefit costs. **Counties will be charged the actual cost when accounts are reconciled at the end of the year.**
- The budgeted amount for benefit costs for 4th and above agent positions will be 36% of their annual salary.
- The budgeted amount for benefit costs for part-time (less than 80%) and temporary employees will be 9% (Workers Comp 1.35%, Medicare 1.45% and Social Security 6.2%)
- In the event that a vacancy occurs in any of the positions for which the county contributed benefit money, the University will refund the unused portion.
- This arrangement is reviewed each year.

Stop Gap Funding.

The additional cost for stop gap funding of an agent position **after May 1, 2016, will be \$3,500 per month or \$42,000 per year.**

Support Staff Salaries.

This year for preliminary budget development purposes we will plan for salary adjustments up to 2% for support staff to become effective July 1, 2016. Counties will be asked to complete a Salary Recommendation Form at a later date (probably May after we hear from the University the official raise amount) for each county paid employee with the updated information. Counties will want to include this recommendation amount in their budget plans. Additionally we are asking the Counties to hold up on entering the budget into the DLG website until MAY OR JUNE WHEN THE BUDGET BECOMES FINAL.

Subsistence.

The subsistence rates are according to UK Guidelines. Note that the reimbursement rates differ in Urban Areas in Kentucky. Remember that we have 4 different rates for Kentucky; refer to IRS Table 4 for various cities outside Kentucky.

Travel.

The mileage reimbursement rate effective January 1, 2016, is **0.54** cents per mile. Counties should be aware of all UK travel regulations.

Reimbursement of all travel must adhere to University of Kentucky Office the Treasurer, Reimbursement of Travel Expenses. <http://www.uky.edu/EVPFA/Controller/files/BPM/E-5-1.pdf>

Professional Improvement Funds.

There is a \$3,000 limit for professional improvement funds. These funds are intended to be used for travel, subsistence, and registration fees for involvement in approved professional meetings and activities. Professional Improvement Funds **cannot** be used to pay for credit course tuition. Agents' Association dues, Epsilon Sigma Phi dues, and Gamma Sigma Delta dues **cannot** be paid from professional improvement funds. Rotary, Kiwanis or other professional, civic or association dues are not to be paid using professional improvement funds. **Counties may allocate up to \$1,000 additional Professional Improvement Funds to be used for participation in state and/or national Epsilon Sigma Phi professional meetings.** *Professional Improvement Funds can only be budgeted when all other obligations are met (travel, support staff salary, agent salary, base program support, etc.).*

Staff Support Funds.

As more opportunities become available for support staff to develop professionally (Chi Epsilon Sigma, District Secretary Training, Staff Appreciation Day, computer, and report training, etc.) all counties need to include funds for staff training and development. We suggest \$1,500 per year as a guide with all support staff in a county budgeted at the same figure.

Marketing Extension.

Numerous CES marketing items are available through the CAFÉ's Web Store. Many of the items can be used to enhance your county marketing effort. Each County Extension Council is encouraged to appoint a marketing committee to design marketing efforts and a line item in the District Board Budget should identify the specific amount. A budget should be developed by the marketing committee for these funds.

Postage Allocation.

Postage costs have increased but our postage allocation from USDA does not. Major efforts have been made to help manage the postage dollars in a way to better extend the postage resources available to us. Review the allocation of dollars to penalty mail in your budget if your county currently spends more than its allotment. Any charges over the county allotment will be charged to the county budget reconciliation statement at the end of the year. Also, we need to be sure that counties verify their postage through the mail management system. This is the method for reporting mail usage and will be used as the basis for future county allotment allocations.

Program Enhancement/Support Funds.

- Program support funds should be equally appropriated for each agent.
- Program support funds may be appropriated for program assistants.
- **Agents should develop a budget for use of program support funds and present it to the county Extension Council during the formation of the county budget and to the District Director along with the county budget information.**
- Itemized expenditure of funds must be submitted to the Extension District Board with receipts for all expenses kept on file. A completed financial statement must be sent to District Board and District Director before August 15 of each year. The District Board must publish the location where the budget, financial statement and most recent audit/attestation reports may be examined by September 1. The location of this opportunity may be in the Extension Office.
- Program support funds may be used for program expansion such as supplies for demonstrations and equipment used to expand a program. Examples might include purchase of “packaged” programs for use in the county, visuals, digital cameras, videos, reference books, etc.
- Program support funds should *not* be used to replace funds needed by program councils (i.e. 4-H, Extension Homemakers, Agriculture Advancement Council). Program Councils should have an annual budget and internal audit of funds.
- Program support funds should *not* be used for expenses which benefit an individual such as a camp scholarship, but can be used for leader training materials and leader workshop expenses. If an individual leader receives funds for training, it would be expected that the leader repay with volunteer time spent in the county program, or refund any expense money received.
- Program support funds should *not* be used for salaries, payments, bonuses, or gifts to individuals, whether an employee, volunteer, or client.

Special Note. Agents are required to include a budget for each agent’s program support funds for the upcoming year and an expense record should be filed with the District Board.

Audits and Attestations of Extension District Funds.

One other category you might look at closer this year would pertain to the expenses of the District Board’s audit. KRS 65A.030 <http://www.lrc.ky.gov/Statutes/statute.aspx?id=42939> outlines the requirements for audits and attestation.

An additional expense that counties will be incurring yearly will be the registration of their district with the Department of Local Government. This year the categories are \$25, \$250 and \$500.

Reminder:

- **Please use the current Extension Budget plan to begin developing the FY 17 budget. These are located on the District website under the District Board tab.**

Budget & Related Reporting Deadlines:

- District Board Members and Officer Reporting Form – DLG reporting site – as Board members or officers change. January 30th to DD; January 31st on DLG website
- Offset Voucher (form located on district site) February 1st to DD
- Budget Plan – 1 original (rough draft) February 28th to DD
- Budget Plan – 1 signed original (final/after word from UK) April 15th to DD
- Copy of Minimal budget to Fiscal Court April 15th
- Budget (minimal) on DLG site Open May 1st – July 15th
- Registration Fee – paid online DLG site (copy to DD) Open May 1st – July 15th
- Memorandum of Agreement with UK – 3 signed originals & electronic copy to DD - Final by May 1st
- Schedule of Disbursements – 3 originals & electronic copy to DD - May 1st
- Salary Recommendation Form for biweekly staff/Letter – Submitted electronically & 1 signed original to DD Final by May 10th
- Special District Uniform Financial Information Reporting Form (UFIR) – for previous fiscal year – submitted electronically on DLG site Final by May 1st
- Budget Amendments – electronically on DLG site throughout year – copy to DD – Final June 30th
- End of Year Actual Expenses – electronically on DLG site September 1st
- Year-End Actuals (Annual Financial Statement) – your **PUBLICATION MUST READ**:
“The (name of the District)’s most recent audit and adopted budget can be viewed anytime on the Department for Local Government’s Public Portal website,
<https://kydlgweb.ky.gov/Entities/specDistSearch.cfm>. If you would like to view our most recent financial statement, please visit us at our home office located at (insert your Extension Office address), during our normal office hours of (fill in normal hours)”. September 1st
(**DO NOT** publish the complete Financial Statement in the local newspaper.)
- Tax Rates established July/Aug – email to DD & submit to Fiscal Court – September 15th
- Audits – send copy to DD after completion. Post to DLG as a pdf upload with frequency of audit/attestation based on level of annual revenues and expenditures. Deadline required by DLG is one (1) year following end of specific fiscal year. Any recommendations from the auditor must be addressed by the District Board and copies of District Board minutes with issues addressed must be sent to the DD.
- Any & All Revisions made during the fiscal year to the Memorandum of Agreement should be dated and clearly marked as “revision” – 3 originals should be sent to the DD. Amendments should be made to the budget by way of Fiscal Court and entered into the DLG website.

Ranking of Counties for Budgetary Purposes - 2016

Rank	Category 1	Rank	Category II	Rank	Category III	Rank	Category IV	Rank	Category V
1	Boone	26	Laurel	51	Meade	75	Ohio	101	Edmonson
2	Bullitt	27	Henry	52	Floyd	76	Lincoln	102	Butler
3	Fayette	28	Livingston	53	Logan	77	Hancock	103	Todd
4	Kenton	29	Knott	54	Wayne	78	Hickman	104	Bath
5	Campbell	30	Spencer	55	Simpson	79	McLean	105	Crittenden
6	Scott	31	Bourbon	56	Letcher	80	Cumberland	106	Wolfe
7	Mason	32	Montgomery	57	Lawrence	81	Larue	107	Monroe
8	Clark	33	Marshall	58	Perry	82	Martin	108	Lee
9	Franklin	34	Harrison	59	Taylor	83	Knox	109	Powell
10	Shelby	35	Lyon	60	Russell	84	Johnson	110	Green
11	Union	36	Harlan	61	Ballard	85	Fulton	111	Casey
12	Hardin	37	Oldham	62	Metcalfe	86	Allen	112	Jackson
13	Henderson	38	Gallatin	63	Grayson	87	Fleming	113	Bell
14	McCracken	39	Marion	64	Carroll	88	Graves	114	Rockcastle
15	Woodford	40	Anderson	65	Trimble	89	Clinton	115	Nicholas
16	Boyle	41	Barren	66	Calloway	90	Carter	116	Robertson
17	Pulaski	42	Hopkins	67	Washington	91	Lewis	117	Owsley
18	Madison	43	Breckenridge	68	Breathitt	92	Bracken	118	Menifee
19	Warren	44	Webster	69	Morgan	93	Hart	119	Elliott
20	Daviess	45	Christian	70	Garrard	94	Adair	120	McCreary
21	Boyd	46	Grant	71	Greenup	95	Estill		
22	Jefferson	47	Jessamine	72	Pendleton	96	Clay		
23	Nelson	48	Leslie	73	Muhlenberg	97	Carlisle		
24	Mercer	49	Whitley	74	Trigg	98	Rowan		
25	Pike	50	Owen			99	Magoffin		
						100	Caldwell		

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