What does this bill do?

The bill establishes two funds:
1) “Federal” grants and contracts fund, and
2) “Other” grants and contracts fund.

This change would allow the receipt of grants and contracts monies, as well as the expenditure of the funds, to be treated as an informational budget.

Why is this necessary?

Create Better Budgets – Revenue and expenditure activity associated with grants and contracts at the public universities is very volatile and can swing significantly from year to year. Budgeting for grants and contracts is a guessing game that has resulted in excess expenditure authority, which has inflated the federal and other fund budgets of the universities. Moving to informational budgets will provide the Legislature, the Board of Regents, and the public with more accurate budget information because excess authority can be removed from the annual budget.

Minimize Transfers Between Personal Services and Operating Expenses – The campuses are often questioned about movement of expenditure authority between personal services and operating expenses. This situation is created because excess authority is budgeted in operating expenses. When the authority is needed and expended in personal services, a transfer is required. Budgeting excess authority in personal services causes salary policy allocation problems.

What will change?

No Change to Information Provided to Legislature – Total amount of authority needed will still show up as part of the total Board of Regents’ budget – it will just be much more accurate! Institutions will no longer need excess budget authority on hand to accept a grant or to expend grant dollars. Universities will process a transfer to adjust their budgets as needed and those transfers will be approved by the Bureau of Finance & Management.

Federal and Other Budgets Will Be Reduced – Campuses have reduced their Federal Grants and Contracts authority budget by $46,559,356, and their Other Grants and Contracts authority by $23,579,924, as part of the FY18 budget request. Those budgets would now be informational.

One of 66 Informational Budgets – These funds will be in addition to the current 66 informational budgets already approved.