

Cooperative Extension/Agricultural Experiment Station Division
Annual Report of Actual Expenditures by Fund Source and Program
2011-12

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Item 228 B.2 of Chapter 3 of the 2012 Appropriation Act, requires the submission of an annual report of actual expenditures for the Cooperative Extension/Agricultural Experiment Station Division (CE/AES) to the Department of Planning and Budget, House Appropriations Committee, and Senate Finance Committee by September 1 each year.

The report summarizing the sources and uses of funds for the Cooperative Extension/Agricultural Experiment Station Division (Agency 229) for fiscal year 2011-12 is attached. This report is provided in the format defined by the Secretary of Education in November 2011. The report arrays sources and uses according to the Commonwealth's fund and program accounting structure. The total expenditures made directly by the localities in support of extension programs are also displayed. Consistent with the Commonwealth's standards, the report is provided on a cash basis which reflects actual revenues and expenditures as of a point in time, in this case June 30, 2012.

Beyond the \$3.45M reduction in state support enacted in 2011-12 for Agency 229, 2011-12 was a turnaround year for Cooperative Extension. Cooperative Extension was preparing for \$1M in additional state budget reductions assigned specifically to Cooperative Extension for 2011-12, which required a slowdown of expenditures, before it learned of a new \$1M additional allocation in late Spring of 2011. This allowed Cooperative Extension to work to recruit agents and associated support staff. As a result, Cooperative Extension worked to recruit agents throughout 2011-12 and the agency made significant increases in staffing by year end. As a part of this, an investment in training and professional development was made in agents as well as technology enhancement to help the agents better serve the agribusiness community and increase productivity. Institutional Support costs in 2011-12 were down due to a partial payment for 2011-12 made in 2010-11.

The Cooperative Extension/Agricultural Experiment Station Division Annual Report of Actual Expenditures by Fund Source and Program for 2011-12 is attached. The second page reconciles the information provided through the report to the Commonwealth's Accounting and Reporting System (CARS) and compares it to the authorized appropriation.

Cooperative Extension/Agriculture Experiment Station Division (Agency 229)

Sources and Uses for the Fiscal Year Ended June 30, 2012

By Major Source of Funds - CASH BASIS Totals *

Prepared August 31, 2012

	Agency 229						Locality	Amounts Paid Directly by Localities	Combined Grand Totals
	Fund 0301	Fund 0343	Fund 0300			Total			
	Federal Funds	Federal Stimulus Funds	General Fund	Non-General Funds	Locality Reimbursement/Support				
SOURCES:									
Revenue received directly by Virginia Tech	15,296,422	3,415,356 (i)	60,217,888	1,012,593		79,942,259		79,942,259	
Locality Reimbursement of Expenditures at VT (a)					5,273,029	5,273,029		5,273,029	
Amounts Directly Paid by Localities (b)						-	7,135,895	7,135,895	
TOTAL SOURCES	<u>15,296,422</u>	<u>3,415,356</u>	<u>60,217,888</u>	<u>1,012,593</u>	<u>5,273,029</u>	<u>85,215,288</u>	<u>7,135,895</u>	<u>92,351,183</u>	
USES:									
Instruction (c)	0	0	0	0	0	0		0	
Agriculture Experiment Station Research	6,669,047	465,466 (i)	28,518,678 (k)	795,585 (m)		36,448,776		36,448,776	
Cooperative Extension									
Paid directly by Virginia Tech	7,967,234	1,387,689 (i)	26,487,722 (h, k)	217,008 (m)	5,273,029 (m)	41,332,682		41,332,682	
Paid directly by local governments (b)							7,135,895	7,135,895	
Academic Support (d)	382,077	-	515,687			897,764		897,764	
Institutional Support (e)			1,437,750 (L)			1,437,750		1,437,750	
Operation and Maintenance (f)	-		3,258,051	-	-	3,258,051		3,258,051	
TOTAL USES	<u>15,018,358</u>	<u>1,853,155 (j)</u>	<u>60,217,888</u>	<u>1,012,593</u>	<u>5,273,029</u>	<u>83,375,023</u>	<u>7,135,895</u>	<u>90,510,918</u>	
TOTAL REVENUES - EXPENDITURES (NET)	<u>278,064 (g)</u>	<u>1,562,201 (g)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,840,265</u>	<u>-</u>	<u>1,840,265</u>	

- a) Locality reimbursement/support reflects activities funded by a locality, with the needed resources transferred to Virginia Tech and subsequently expensed by the university and recorded in its accounting system. These funds are recorded as "recoveries" and are limited in use to cover the costs (normally agent salaries and fringe benefits) as agreed to by the locality.
- b) Direct payments by localities occur outside of the university (e.g. space and services in county office buildings, etc.) and are not recorded in Virginia Tech's accounting system or management reports.
- c) Degree credit instruction occurs only in Agency 208.
- d) Academic Support includes efforts to provide support services that directly support the primary function of the agency. For Agency 229 this is a portion of the College of Agriculture and Life Sciences Dean's Office including a portion of the Dean, support staff, and operating costs as well as Extension Leadership costs including the Director, state program leaders (4-H, FCS, ANR, Community Viability), support staff, and associated operating costs.
- e) Institutional Support includes efforts to provide operational support for the day-to-day functioning of the agency (e.g. payroll, human resources services, purchasing, accounting, budgeting, etc.).
- f) Operation and Maintenance of Plant includes efforts to operate and maintain the physical plant facilities (e.g. utilities, insurance, custodial services, maintenance, leased property, etc.)
- g) Virginia Tech manages expenditures for Federal Land Grant Appropriations on a federal fiscal year basis ending Sept 30. Therefore, at June 30 a net positive or negative balance usually exists. Net negative balances are temporarily financed by internal university loans. During FY12, \$1.6M of Federal Stimulus revenue was received in order to cover \$1.6M of expenditure that occurred in FY11.
- h) Expenditures in Cooperative Extension were behind historical trends in FY12 due to the timing of extension agent hires. FY13 is expected to be more reflective of the staffing possible based on current resource allocations.
- i) One-time federal stimulus funds temporarily offset a portion of the \$10M of previously assigned budget reductions.
- j) \$1.85M of ARRA Federal Funds remained unexpended as of 6/30/11 and was expended during the first quarter of 2011-12 as part of a multi-year plan to phase in GF reductions.
- k) The 2010 General Assembly assigned \$3.454 of reductions for FY12 which required a slow down of staffing during FY11 to prepare for a lower level of future support. The 2010 General Assembly assigned an additional \$1M reduction to Cooperative Extension for FY12 which required a slow down of staffing thus expenditures during FY11 to prepare for a lower level of support in FY12. During FY11, the 229 required restructuring proposal was halted, which resulted in a significant and extraordinary delay of staffing. During spring 2011, the university learned that the 2011 General Assembly provided \$1.494M of new support to Agency 229 for FY12 to allow for reinvestment in staffing.
- L) Institutional Support costs in FY12 were reduced by the partial payment made in FY11.
- m) Virginia Tech manages Fund 0300 expenditures such that they can only be expended to the extent revenue has been actually received to cover such expenditures. Therefore, expenditures for the three columns in Fund 0300 have been allocated among these columns to match the revenues received by June 30 for each fiscal year. There are normally revenues in transit from local governments at each year end.

* Cash basis totals reflect actual revenues and expenditures as of a point time, in this case June 30.

Reconciliations

Net Expenditures (summary of information from page 1 for comparative purposes)	
Total Uses at VT (from page 1)	83,375,023
(less) Localities' Reimbursement of Salaries and Fringes Paid by VT (from page 1)	<u>(5,273,029)</u>
Net Expenditures	<u>78,101,994</u>

Reconcile Net Expenditures to CARS

Expenditures (per CARS Year End Report)	<u>78,101,994</u>
	<u>-</u>

Comparison of Net Expenditures to Appropriation

Original Appropriation - Chapter 874	78,082,837
Mid-year adjustments (central fund adjustments, reductions, etc.)	<u>2,570,411</u>
Ending Appropriation (GF & NGF) CARS	<u>80,653,248</u>
Unexpended Appropriation (1)	<u>2,551,254</u>

⁽¹⁾ Remaining variance represents excess NGF authority -- Agency 229 has been assigned NGF authority for which it has been unable to generate NGF revenues.