Office of Budget

The budget office's goal is to produce a budget that reflects the institution's priorities, is fiscally responsible, and has sufficient flexibility to respond to unanticipated circumstances. In doing so, the budget office is likely to reject certain requests for additional funds from some units while investing additional funds to other departments depending upon the Universities strategic direction, plans, and goals. More often than not, the budget office merely applies guidance developed through the planning process, or through budget assumptions approved by the Board of Trustees. The goal of the office is not necessarily to cut budgets, but it is to encourage Budget managers to strategically spend in areas that will bring the greatest long term benefit to the University.

Q: Why do we have a budget in the first place?

A: The Budget creates a planning orientation - The process of creating a budget takes management away from its short term, day-to-day management and duties, and forces it to think longer-term and strategically. This is the chief goal of budgeting. Budgeting allows us to think about the University's competitive financial position, how to best serve our student's needs, and how to continuously improve as a University.

The budget is created based upon a number of different inputs and approved in May of each year by the Board of Trustees. **Any changes in departmental budgets need a "Budget Adjustment" form filled out.** These forms are kept and maintained in a binder and electronically in the folder "Budget Adjustments" by the Office of the Controller. See instructions below.

Q: What is departmental budgeting?

A: Each department Budget Manager is responsible for proper stewardship of funds. Our operating budget is tuition driven and dollars covered for the operating budget are student tuition dollars.

Proper care, stewardship, and expense management should be used by anyone spending University dollars. Each department is responsible for their expenses, and should spend wisely and strategically on items that benefit the University in the long term.

Things we have always spent money on, may not yield the greatest benefit to the University. Annually of each year, department heads should review their budget and find out strategically how they want to spend and allocate their funding (see budget timeline below).

Proper budgeting is not just about increasing your budget, but it is about thinking strategically about a department's budget and investing in areas that need the investment and reducing costs

or "expense management" in the areas that are no longer generating a great benefit to the department. Budget managers for each department are responsible for eliminating any unnecessary costs and spending University funds strategically by thinking about what investments or "expenses" will generate the greatest long term benefit to the department.

Q: Where is the budget timeline?

A: The Budget timeline is new. Starting fall of 2019, this will be made available on our website, and has a future orientation. The budget timeline requests each Academic Dean to meet with the Provost and analytically review their expenses and budget annually for appropriateness, make adjustments as necessary. Any adjustments to budget require the forms below (see below).

Q: How should I spend the money in my budget?

A: Spend in ways that matter and prioritize spending. Create a plan to spend your budget and allocate it over the entire year that your department operates. Budget managers **are not** authorized to over-expend their budget and then send in a budget adjustment form to cover budget shortfalls. Careful planning should happen at the beginning of each budget cycle.

Q: Is the budget use it or lose it? Should I make excessive last minute expenditures so I don't lose my budget next year?

A: No, use what you need. Realize your spending impacts the entire University.

Q: Is our budget responsible for our difficult funding situation?

A: No. The budget process is not the reason that the University has limited funding. Like most Universities, the recession required many difficult decisions in the face of increasing costs. Our University is tuition driven, and revenues since that time still have not increased sufficiently to overcome previous cuts. Breakeven point is the goal of the University which includes budgeting at levels where fluctuating tuition revenues cover our operating expenses. For that reason, the budget at the highest level needs to be flexible to adjust for changes in tuition levels.

The Universities long term goal is to be able to provide a budget that meets breakeven point where the number of students increase, such that our revenues increase sufficiently to cover our current operating expenses plus any related future COLA's or inflation to budget for in the future. However, we are conscious that this can only occur with sufficient revenues.

Budget Adjustment Instructions

Should a Budget Officer need additional funds or a budget adjustment, there is a process outlined below for submitting a budget adjustment. These are approved, IF there are funds available.

A **permanent** budget increase or decrease of a departmental budget is called a Budget

Adjustment. **<u>Budget Managers are not authorized to over-expend their budget and send in a budget adjustment due to over expending. Adjustments are seldom permitted to cover budget shortfalls.</u>** Careful planning and monitoring are necessary to ensure adequate budget dollars are allocated and posted to each departmental general ledger account before any expenditure of funds to avoid any budget shortfall. Each department is given a budget and they are to plan for the entire year with the funds received.

Should a Budget Officer need additional funds or a budget adjustment, there is a process outlined below for submitting a budget adjustment. These are approved, IF there are funds available.

Step 1: The departmental Budget Manager should first try to cover the shortfall within their own departmental budget by transferring budget from one budget line item to a different line item. The total budget for the department is the most important budget to not come in over budget on. If this is not possible, the Budget Manager should go to Step 2.

Step 2: The Budget Manager should contact their Cabinet Member to explain the situation and try to obtain funds to cover the shortfall from their Cabinet Member. This is done if the total departmental budget is overspent or if there are not enough funds to accomplish what they need. If there are other areas that the Cabinet member supervises which need less budget, they should seek to find dollars to cover a budget shortfall from a different departments. If this is possible, submit a **Budget Transfer form** to transfer the budget from one area to another.

Step 3: If the Cabinet Member or VP cannot cover the funds within their areas, then the VP will need to submit a proposal to the President's Cabinet for approval. A **budget adjustment justification form** should be submitted. If additional funds are approved by the President's Cabinet, this form will be signed by the CFO and a budget transfer of funds can be made. Please include the source of the funds that will be coving the budget shortfall. The source of funds may be from budget savings on a particular contract, the Contingency account, a donation, or other source.

Step 4: The CFO will review and sign the form and provide it to the financial analyst who will then process the Budget Transfer or Budget adjustment from. The fiscal analyst will then send an email to the department confirming that the transaction has been made and posited. The fiscal analyst will also email an updated budget form at that point.

Budget Transfer Form

☐ Budget Transfers within the same department

Budget Transfers

A *Budget Transfer* is moving budget funds from one account to another account within the same Budget Area. **The sum of the debit and credit amounts of the budget transfer entry is zero.** The same amount(s) is(are) moved from one account(s) to another account(s). To complete this transfer, several steps need to be done as follows:

The person having budget authority over the account sends an email to the financial analyst requesting a transfer of budget funds within his/her own department, and fills out the form below:

Saint Martin's UNIVERSITY

University Budget Transfer Form:

Please transfer budget funds from account:
_____

Amount:
$ _____

(xx-xx-xxxx-xxxx)

To budget account:
_____

Amount:
$ _____

(xx-xx-xxxx-xxxx)

Note: The net sum again of a budget transfer is zero within your own departmental budget.

Employee Signature:

_____

Date:

_____

Budget Manager Approval:

_____

Date:

_____

Please also write in the purpose for this transfer:

_____

The net sum of a budget transfer is **zero** within your own departmental budget.

Budget Adjustment Justification Form

- Budget Transfers from different departments
- To increase budget in a particular department

Budget Adjustments - A *Budget Adjustment* is a permanent budget increase or decrease to a departmental budget. Budget Managers are **NOT** authorized to make and submit budget adjustments without prior approval by the **President (or Provost)** & **the CFO.**

Once this form is signed by all responsible parties, this is provided to the fiscal analyst for processing and the Budget Manager will receive confirmation once posted. See Steps 1-4.

Saint Martin's UNIVERSITY

University Budget Adjustment Form

Increase funds in the below account:

Amount:

$

(xx-xx-xxxx-xxxx)

by an amount of:

$

for a total budget amount of:

$

Budget Manager Signature: Date:

CFO Approval Signature: Date:

President Approval Signature: Date:

Please also write in the purpose for this transfer: