Kean University

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Budget Department Procedures Manual

Kean University

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Budget Department Procedures Manual

Abstract

This document describes the annual budget process at Kean University.

Standard VI

Keywords

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I.   New Jersey State Budget

Overview

Kean University submits an annual budget request to the State of New Jersey for an appropriation for the upcoming fiscal year. The budget request is typically submitted in early November of each year in accordance with a State- issued deadline. The submission becomes part of the State budget process and the Governor's budget is ultimately submitted to, approved, and appropriated by, the State Legislature, prior to the start of the fiscal year beginning on July 1.

Process and Procedures

State Submission- Overview of Documents

The State Office of Management and Budget (OMB) distributes comprehensive guidelines and instructions for budget submission requests to each university and college in the State system in October of each year. In addition to these guidelines and instructions, each University has an assigned OMB Budget Analyst who works with the University staff throughout the submission process, and throughout the fiscal year. The State budget submission requires the preparation of numerous documents. The guidelines and instructions documents provides and overview of and instructions for each of the required documents and outlines which must be submitted via electronic copy hard copy, or both. The following is an overview of the State submission documents with brief descriptions of each.

- BB- 102- overview of Kean's FY Budget Request (must be signed by President);

- BB- 103- also referred to as the revenue statement, it reconciles " institutional support" information presented in the budget request with the institution's audited financial statements;

- BB-104- also referred to as evaluation data , the data on this form supports , the institution FY budget requests;

- BB- 104-2- extract of institution's current budget language (submitted only if applicable, not required unless the institution wants to change budget language);

- BB 105- actual appropriations data supplied by State;

- BB 108- salary information for State and non – State employees. This includes summary and request information and is required in 4 formats: 1) current year State salary summary, 2) current year non-State salary summary, 3) upcoming year State salary requests, 4) upcoming year non-State salary request;

- FY Salary Calculations Summary (SALCALC) – provides summary of all detail provided in the BB-108 form described above;

- FY Budget Initiative Form (BIF) – a database is provided electronically and is downloaded by the institution to provide individual priority requests for funding. Each request must be submitted individually;

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- FY Tuition Revenue Calculation (TUIT) – correlates institution's tuition revenue to full-time equivalent(FTE) graduate and undergraduate students ;

- FY Tuition and Fee Schedule (FEES) – provides a summary of institutions' FY tuition and fee rates and fee revenue.

More detailed descriptions of the required documents and instructions pertaining to how to complete and submit them are included in the guidelines and instructions issued by OMB. Templates for the documents listed above are also provided by the State in electronic and /or hard copy form.

The Budget Department maintains copies of prior State budget request submission on the "O" drive under State Budget Request with subfolders pertaining to each fiscal year.

State Submission- Overview of Document Preparation

BB-102- This is the summary of the budget requests, which is prepared by the Director of Budget using original appropriation information from the BB-105, which is provided by the State. The original appropriation data on the BB105- is pre- loaded and the institution cannot change these numbers. Information is also derived from the BB103, also prepared by the Director of Budget using information from both the State and Kean's financial statements. The official submission must include BB-102 signed by either the President of the VP for Administration and Finance.

BB103- This template is provided by the State and prepared by the Director of Budget. This submission included an explanatory narrative if the institution anticipates any significant dollar changes between fiscal years. The form provides information on auxiliary income, which is not supported by the State but is reviewed by OMB, including all revenues from the bookstore, the student center, residence halls, food services, and any other self- supporting activities for student, faculty, and staff. It also included all federal and private grants. Projected grant figures come from the Grant Accountant. Private gifts and investments income is based on prior year numbers- the Director of Budget either carries over the same amount or projects a percentage increase for these figures.

BB105- This template is provided by the State in the guidelines and instructions packages. The institution cannot change the original appropriation data in the BB-105. Additional information is derived from the BB-102 and the BB-103.

Note: The BB-102, BB- 103 and BB- 105 all cross-reference to each other.

BB-104- Also referred to as evaluation data. This template is provided by the State and it included prior year information. Information comes from the Institutional Research and from the Commission on Higher Education- these items are specified in the budget instructions.

BB-108- This forms contains salary information and is completed by the Office of Computer and Information Systems (OCIS) of Kean using information from CYBORG The Budget Department does not have access to CYBORG, therefore OCIS completes the BB108 and then converts the information into Excel, in two of the four version required. The Director of Budget then formats the spreadsheets to reflect the additional formats requested and adjusts formulas if necessary. Four formats of the information are required:

1) Current year State salary summary';

2) Current yea non- State salary summary ;

3) Upcoming year State salary request;

4) Upcoming year non – State salary request.

SALCALC- This template is provided by the State and prepared by the Director of Budget. It is summary of information on the BB-108. The Director of Budget will adjust any formulas in the SALCALC template as necessary.

BIF- State provides a database electronically for the institution to submit the BIFs. The Director of Budget follows the State instructions on downloading the database to submit all priority requests above the current funding appropriation. Each request must be submitted separately as per the instructions. The director of Budget consults with the President to determine the type and amount of requests to submit.

TUIT- Template is provided by the State and prepared by the Director of Budget. The form calculates the total estimated tuition revenue. Data is derived from the University tuition schedule.

FEES- The template is provided by the State and prepared by the Professional Services Specialist. Information regarding the Resident Hall and University Center budgets is derived from those individual budgets.

The Professional Services Specialist prepares the fee schedule (FEES); the Director of Budget prepares all other documents pertaining to the submission with the exception of the BB-108.

Post- Submission Process

All documents must be submitted on or before the State's deadline in late November. The Budget Analyst reviews the institution's submission, checks calculations and contacts the institution any follow-up questions regarding the submission. The submission then becomes part of the Governor's budget. The budget is submitted to the State Legislature in February and the institutions typically receive a copy of the Budget Book in April. The institution's request is usually submitted in the budget for the same amount as the original submission to the State. The State Legislature appropriates the budget by July 1st of each year. The institutions receive as confirmation of their appropriation by July 1st after the Appropriations Bill is signed.

II. Education and General Budget

Overview

The Educational and General Budget (E&G) functions as the operating budget of Kean University and is prepared and implemented separate from the State of New Jersey budget process. It include revenue information related to the State appropriation in addition to revenue sources provided directly to the University, such as tuition and fees.

The fiscal year for the E&G budget is July 1 – June 30. The budget process typically begins in January / February and the board of Trustees at the quarterly meeting in June approves the budget.

Process and Procedures

The Director of Budget prepares the E& G budget. The process begins in January with the Director of Budget producing projections for the upcoming year based on salary information, deb service, Full Time Equivalent (FTE) student figures, etc. The Director of Budget consults with the Provost on personnel changes and related information, and with General Accounting on debt service information.

In late January/ February, the Director of Budget distributes instructions on preparing he budget for the upcoming fiscal year to cost center directors throughout the University, including the current year budget information. Cost center directors are asked to prepare a budget request and submit their proposed budget to the Director of Budget by the middle of March. The cost center directors are asked to notify the appropriate Dean or Vice President of their budget request prior to submitting it to the Director of Budget.

The Director of Budget prepares the overall proposed E&G budget by early April based on the individual submissions. He then meets with the President to the review the proposed budget and the level of tuition increase that may be necessary to balance the budget. Key items that are often adjusted during this budget process to balance anticipated revenue versus expenditures are the FTE number and the projected tuition increase. (Note: there are several types of tuition that can be adjusted to reflect budget needs including undergraduate and graduate in- state, undergraduate, and graduate in-state and undergraduate and graduate out- of- state tuition). Undergraduate in-State tuition is typically not increased more than 5 percent per year.) Fund balances from the prior year may also be utilized to balance the projected budget.

Fee information included on the E&G budget comes from multiple sources. The State appropriation figures are based on the numbers included in the State Budget submission not including any BIF's (which are typically not granted). Additional information is provided by the Proposed Schedule of Fees documents, prepared and maintained by the Director of Budget. The University Center fees reflected in the Proposed Schedule of Fees are subtracted from the total for the purposes of the E&G budget.

By early May, the Director of Budget has finalized the projected E&G budget based on the various factors and discussions with the President. The Director of Budget then prepares three spreadsheets associated with the final E&G budget. The Director of Budget sends a copy of the final budget to the Vice President for Finance & Administration and the Associate Vice President for Finance and Administration for informational purposes. The proposed budget is approved by the President in May and submitted to the Board of Trustees for approval at the quarterly meeting in June.

Upon approval the Director of Budget begins to incorporate some of the approved budget information into the COLLEAGUE system so that funds are available for requisitions that will begin to be processed associated with the upcoming fiscal year beginning on July 1st. Typically the Director of Budget will allocate approximately 80 percent of the current year budget to each cost center to cover any costs. After the Board of Trustees approves the E&G budget in June, the Director of Budget will then adjust all numbers in the system to reflect the approved budget.

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III.   Miron Student Center Budget

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Overview

This budget will track the revenues and expenditures of Kean University Center, which provides services for Kean student activities and student government. The University Center cannot be funded through public funds and it entirely funded through the fee that is assessed to all enrolled students , as well as through commissions from the bookstore and food service. This budget is prepare separately from the State budget submission.

The fiscal year for the University Center budget is July 1- June 30.

Process and Procedures

Staff responsible:

VP Student Services

Director of Facilities

Director of Construction/ Campus Planning

In February of each year, the Director of Budget provides the VP's, Dean, University Center, Facilities and Construction/ Campus Planning directors with electronic copies of the current year approved budget and projected budget for the upcoming year for preparation purposes. The directors can also access the year-to-date spending information on the COLLEAGUE system.

Prior to disseminating the spreadsheets to the Directors, the Director of Budget updates salary and benefits information on the projected budget. The updated salary and benefits information is derived from documents prepared for the State budget submission and FICA and fringe numbers are based on a State Circular titled "Employee Benefit" Reimbursement Rate. The Vice President for Administration and Finance and the Associate Vice President for Administration and Finance are copied on this email for information purposes.

The directors review the information and determine their budget request for the upcoming year. They prepare a proposed University Center budget for the upcoming year and meet with the Director of Budget in February. The Director of Budget then reviews and inputs

the suggested amounts, checks the figures, and totals any relevant figures. The Director of Budget also reviews the revenue produced by fees and bookstore and food service commissions to determine if any increases may be necessary.

In early April, the Director of Budget conducts a meeting with the VP for student Services, the Director of Facilities , The Director of the Miron Student Center, and the Director of Construction/ Campus Planning to review the projected budget. At this meeting the group determines any changes or additions and adjusts the numbers accordingly, including a proposed fee increase, if necessary. If there are outstanding issues, then a second meeting may be convened.

The Director of Budget prepares the final proposed budget based on the agreed upon adjustments. The Director of Budget prepares the final package and submits the information to the VP for Student Services, the Director of Facilities, the Director of University Center, and the Director of Construction/ Campus Planning. The Director of Budget also shares the final package with the Vice President for Finance & Administration for informational purposes.

The VP for Student Services reviews the final package and presents it to the President at this point; the President could make changes to the final proposed budget, in which case it would go back to the Director of Budget to make any adjustments.

The final submission for the Board of Trustee must be prepared in time for the quarterly meeting held in June. The director of Budget prepares the final documents for the meeting and submits them approximately three weeks prior to the meeting.

IV. Resident Hall Budget

Overview

The Residence Hall budget tracks the revenue and expenditures associated with the administration and maintenance of Kean University's 1,211 units of student housing. Rental application fees solely generate revenue, therefore this budget does not rely on State funding and is prepared separately from the State budget process.

Process and Procedures

Staff responsible:

Director of Budget

VP for Student Services

Director of Facilities

Director of Resident Life

Director of Construction/ Campus Planning

In mid- January of each year , the Director of Budget provides the Residence Life and Facilities directors with copies of the current year approved budget and projected budget for the upcoming year for preparation purposes. The directors can also access the year – to-date spending information on the COLLEAGUE system. Prior to disseminating the spreadsheets to the Directors, the Director of Budget updates salary and benefits information on the projected budget. The updated salary and benefits information is derived from documents prepared for the State budget submission and FICA and fringe numbers are based on a State Circular titled "Employee Benefit" Reimbursement Rates. The Vice President for Finance and Administration and the Associate Vice President for Finance and Administration are copied on this email for information purposes.

The directors review the information and determine their budget requests for the upcoming year. They prepare a proposed Resident Hall budget for the upcoming year and submit it to the Director of Budget within 10 days. The Director of Budget then reviews and inputs the suggested amounts, checks the figures and totals any relevant figures. The Director of Budget also reviews the total number of rentable units and rental to determine how much would be required to meet the projected needs as requested.

In early February, the Director of Budget conducts a meeting with the VP for Student Services, the Director of Facilities, the Director of Residence Life, and the Director of Construction/ Campus Planning to review the projected budget. At this time, the Director of Budget provides information on how much it will cost to implement their proposed budget. At this meeting, the group determines any changes or additions and adjusts the numbers accordingly, including a proposed rate increase. If the proposed rate increase is not determined at this meeting, or there are other outstanding issues, then a second meeting may be convened.

The VP for Student Services reviles the final package and presents it to the President. At this point, the President could make changes to the final proposed budget, in which case it would go back to the Director of Budget to make any adjustments.

The final submissions for the Board of Trustees must be prepared in time for the quarterly meeting held in March. The Director of Budget prepares the Final documents for the meeting and submits them approximately three weeks prior to the meeting.

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V.   Day to Day Operations of the Budget Department

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Overview

The Budget Department consists of the Director Budget and a Professional Services Specialist. Both perform day-to-day operations on behalf of the Department, and most of these functions are performed interchangeably between the two.

The following is a list of the recurring day- to – day functions of the Budget Department. The process and procedures for each function are detailed below in this section.

- **Budget Review** - Periodic review of projected versus actual figures and adjustments to the budget accordingly

- **Budget Amendments** - Implement requests from cost centers to shift money from one budget item to another. Occurs frequently toward the end of the fiscal year.

- **Requisitions**- Requests for payment from cost centers. The Budget Departments approves items $500 and over and verifies that the appropriate general ledger accounts will be charged.

- **Report Preparation**- Periodic and ad-hoc reports are prepared and distributed for internal and external uses.

- **Routine Inquires** – Day-to-Day questions from cost center directors or their designees, senior staff, or others regarding b

- Budgeting issues.

Budget Review

 Process and Procedures

On a periodic basis, the Director of Budget performs reviews of the current budget status by reviewing the Account Availability report, which is either provided by General Accounting or produced by the Professional Services Specialist. As part of these periodic reviews, the Director of Budget analyzes the budget projections versus the actual year – to- date figures. Based on this overall review, the Director of Budget may analyze specific cost center in more detail by viewing information in the COLLEAGUE system. As needed, the Director will update projected amounts based on the actual numbers. In some instances, if additional information is required, the Director will contact specific cost center directors to request additional information on specific line items and the actual amounts.

Periodically the Director of Budget will also adjust or remove money from specific budgets for various reasons, for example if he determines that certain items were overestimated or that money was put into individual cost center for prior year one- time use, etc. The Director of Budget also updates revenue projections pertaining to the E&G budget during the fiscal year based on actual year- to-date amounts. Typically, this happens in March or April when final enrollment numbers become available, affecting tuition projections. The Director of Budget also updates salary information throughout the fiscal year based on the salary program.

Cost center directors or their designees periodically send requests for budget amendments. Request are submitted via the Request for Budget Amendment form or via email or phone. The Majority of requests come via email. Requests can be submitted to the Director of Budget or the Professional Services Specialist via the following email address: **Budegt@kean.edu.** The Budget Department reviews the budget amendment request and then makes the adjustments in the COLLEAGUE system by entering GLBE and entering the information as requested. Funds can be moved from one budget item to another as determined by the cost center directors, however they do not have the authority to shift any salary-related funds to non-salary budget items.

Cost centers director or their designees may also request amendments to provide funds for new requests or requirement. The Director of Budget has the ability to add funds into a cost center budget for new items that may arise. The respective Dean, Vice President, and the President must approve requests for new items exceeding 10,000 prior to the Budget Department making the adjustments.

Requisitions

Process and Procedures

The Budget Department reviews all requisitions over $500 to ensure that the appropriate GL account is being used to charged specific items. One or more individual must approve requisitions in the COLLEAGUE system prior to the Purchasing Department preparing a Purchase Order for the item. The Professional Services Specialist is the primary person processing requisitions. In her absences, the Director of Budget handles requisitions.

The following is an overview of the necessary approvals for requisitions:

$499.99 & Under – Department approval

$500 or more – Department approval, Budget Department approval

$1,000 or more- Department approval, Budget Department approval, VP for Finance and Administration approval and VP overseeing the department submitting the requisition approval

The Office of Computer and Information System (OCIS) must also approve computer software and equipment.

Each day (either once or twice per day depending on volume) the Professional Services Specialist prints out a computer- generated report from COLLEAGUE of all requisitions needing approval. The repost is titled XBGT.REQS.NEED.APPROVAL. The Professional Services Specialist checks all requisitions over $500 to ensure that the appropriate GL code is used. In instances where the wrong code has been used, she makes a note on the hard copy report and then corrects the information in the system. The system automatically checks to ensure that there is enough money in the individual accounts to cover the requisitions; if there are inadequate funds available, a message will appear on the system and the requisition cannot be completed.

The Professional Services Specialist approves all requisitions $500 and over on behalf of the Budget Department. There is no order by which approvals must take place- the system checks only for the appropriate number of approvals, therefore Budget Department approval may come before or after other necessary approvals. As necessary, the Budget Department provides additional approvals in the system or researches the appropriate individual to approve certain requisitions.

All approval are set in the system using the User Access Form, which is approved by OCIS. One the appropriate approvals are entered into the system, the requisition moves from "Not Approved" status to "Outstanding", indicating that the Purchasing Department must prepare the Purchase Order.

<u>**Report Preparation**</u>

<u>**Process and Procedures**</u>

The Budget Department prepares a number of reports on both a standard as needed basis for internal and external uses.

Monthly- The Director of Budget prepares an E&G overview report for the President. Information for this report is generated in COLLEAGUE – the system- generated report is called the Board of Trustees Report. The Director of Budget uses information from that report to prepare a spreadsheet comparing budgeted to actual amounts.

Quarterly - The Director of Budget, utilizing the same Board of Trustees Report generated in COLLEAGUE, prepares a spreadsheet for the Board of Trustees, which includes actual versus budgeted amounts and variances, which are reflected in dollar amount and percentage.

As- needed- The Budget Department periodically receives requests for reports detailing various budget figures. Report requests typically come from external sources such as the New Jersey Association of Colleges and University (NJACU), the Commission on Higher Education, Open Public Records requests, or the New Jersey State Legislature, or internal sources such as the Office of Institutional Research. Internal reports are also prepared at the request of cost center directors to track specific items. Reports are often set- up by the Professional Services Specialist who then trains the cost center directors or their designees on how to run them. These reports are prepared on an ad- hoc basis and the way in which they are generated are the sources of data vary depending on the information requested.

<u>**Routine Inquires**</u>

<u>**Process and Procedures**</u>

Department personnel and cost center directors routinely request information from the Budget Department.

The Budget Department receives between 10 and 20 inquires per day on typical day. Questions usually pertain to requisitions budget amendments, and which budget items to use for various revenue and expenditures. The Budget Department will also train new staff as necessary on specific functions in COLLEAGUE such as requisition approval, in instances where the regularly scheduled OCIS training will not be held for a period after the person has started work.

The process by which these inquiries are handled varies.