

INDEX FOR POLICIES RELATED TO BUDGET ADMINISTRATION

<u>POLICY NO.</u>	<u>SUBJECT</u>
II-001	Operating Budget

POLICIES RELATED TO BUDGET ADMINISTRATION

- POLICY NO.:** II-001
- SUBJECT:** Operating Budget
- SOURCE:** Task Force on Budget, Director of Budget & Finance
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To define the sources and purposes of the operating budget and to explain the budgeting process.
- POLICY:** September through December of each fiscal year, the Task Force On Budget (TFOB), the Vice President of Administration and Finance, and the Director of Budgeting and Finance meet to discuss the college's budget planning assumptions and review monies available to determine the budget for the following fiscal year beginning June 1. The college's Board Finance Committee reviews budgeting assumptions at their October and January meetings, and may recommend the coming year's budget to the full Board of Trustees at their March meeting.
- In January and February, TFOB reviews departmental program budget requests and allocates budget with available dollars (see Procedure Reference below for discussion of how Department's submit budget requests and deadlines for submittal).
- DEFINITIONS:** The following are Operating Budget sources (revenue) and purposes (expenditures).
- A. **Revenue.** Macalester's Operating Budget accounts for the following sources of revenue:
1. **Tuition and Fees.** On-campus and off-campus tuition charges, summer school tuition charges, and various fees including application fees, transcript fees, music lessons, etc.
 2. **Endowment.** Earnings (interest, dividends, etc.) from Macalester's endowment.
 3. **Government Grants.** Student financial aid grants.

4. **Gifts and Grants.** Contributions to Macalester for general operating purposes. The contributions are from individuals, corporations and other organizations.
 5. **Residence Halls and Dining.** This includes revenues from Macalester's dining and residence hall programs. Examples include room and board charges, vending, facility and house rental (net), and Macalester's Alumni House.
 6. **Other Revenue.** This includes revenues from indirect charges collected on grants, drama and athletic events, Scottish Country Fair, commissions and parking fines, and gift equity and cash generated revenues including gain/loss and interest.
- B. **Expenditures.** Macalester's Operating budget is expended for the following purposes:
1. **Faculty Salaries.** Compensation to Macalester professors, instructors, fellows, native speakers, research assistants and artist-in-residence.
 2. **Staff Salaries.** Compensation to Macalester staff. Regular salaries and wages, overtime, and temporary help.
 3. **Student Salaries.** Academic year and summer compensation to students for work-study programs.
 4. **Employee Benefits.** Benefits paid on behalf of Macalester employees (faculty, staff and students). This includes pension, social security and Medicare taxes, medical coverage and other insurances.
 5. **Program.** All non-payroll expenditures, goods and services of Macalester.
 6. **Physical Plant** requests are minor, departmental, physical improvements and repairs that the Physical Plant Department may incorporate into their budget requests for facilities.
 7. **TEM (Technology, Equipment and Maintenance).** Equipment with a cost of \$1,000 or more per item and expected useful life of two or more years, or remodeling/renovation projects with a cost of \$3,000 or more.
 8. **Other expenditures** that may be approved include:

- a. **Carry Forward.** With approved expenditure authority, these are funds available through unexpended Program and TEM dollars from a current year to be expended in the next fiscal year. Authority is granted after the closing of the fiscal year books.
- b. **Operating Surplus.** Unexpended funds remaining from a previous year after Carry Forward is approved and allocated. These funds result from unexpended Salary and Program dollars and revenue surpluses.

Capital Budget. Macalester's expenditures for capital projects.

**PROCEDURE
REFERENCE:**

Typically, the Task Force On Budget (TFOB) will discuss planning assumptions for the coming fiscal year during September through mid-December of the current fiscal year. These planning assumptions include **Program and TEM budgets**, revenue projections, overall college salary and benefit improvement pools for faculty, staff and student employment (summer and academic year work-study), and operating income reductions such as study-away, financial aid and debt/capital improvements.

On or around December 1, the Director of Budgeting and Finance will send budget request materials to each College Department. These may include budget request forms regarding Program Budget, TEM, Student Employment and Physical Plant requests. These requests are typically due back to Line Offers mid-January, and then summarized on to the Director of Budgeting and Finance one week later.

During January and February, Line Officers and TFOB will make specific budget allocations to Departments and Programs. The Macalester Board of Trustees review and may approve the budget at their March meeting. Departments are informed of the specific budget decisions by May 1. The new fiscal year begins June 1.

After June 1, Departments are eligible to expend their fiscal year budgets with appropriate departmental approval. For non-payroll expenditures, this is done through the College's Purchasing and Accounts Payable procedures.

Departments make expenditures charging particular, descriptive line items, office supplies, travel, postage, printing, etc. Budget requests and awards may either be made line-item-by-line item or

in a lump-sum/bottom line format (one budgeted number not allocated between line items).

Line Officers and authorized Department personal have the authority to make budget adjustments throughout the year. These adjustments do have the following restrictions: 1.) Any available salary dollars may only be used for purposes related to the reason the salary dollars are available. (These available salary dollars are year-to-date, unused dollars due to a position vacancy.) 2.) Academic Year Student Employment may only be used for Academic Year Student Employment; it may not be transferred elsewhere. It may be transferred between Departments with proper approval, but only for student employment uses. 3.) Transfers between the different types of budget (Operating, TEM, Carry Forward, Surplus) are not to be made. In all budgeted areas, departments are responsible for identifying available budget prior to incurring an expense or financial obligation.

On a monthly basis, Departments receive via e-mail their Program and other budget (TEM, Carry Forward, other) reporting statements. The Accounting Office within Business Services issues these reports. Departments also have Budget Review capabilities through the online purchasing system. Departments are responsible for managing their reports and should report any discrepancies or errors immediately to the appropriate department (Business Services, Document Services, Mailing Services, etc.).

At various times throughout the fiscal year, TFOB and the Board Finance Committee review Operating, Program and TEM budget summaries. These reports generally begin after October of each year and are reported monthly, quarterly and on an as needed basis.

Other Budget Information:

Budget Expenditure Authority. TFOB Line Officers may delegate expenditure authority to department heads and chairs within their Line. With certain dollar limits, department heads and chairs may delegate expenditure authority. The Line Officer and their direct reports are responsible for the Program, TEM, Carry Forward, Surplus and Salary/Benefits budget allocations within their Line.

Restricted Fund Budget. TFOB Line Officers with Current Restricted Budget dollars are responsible for the expenditure of these funds each year. Those with restricted accounts refer to.... (To be developed at a later date. Questions: Contact the Director of Budgeting and Finance)

Budget Control. Line Officers are responsible for budget control. Macalester's Purchasing and Accounts Payable Department, along with the Director of Budgeting and Finance are able to assist with control by reviewing expenditures (non-payroll) for reasonableness, accuracy, and appropriateness as compared to the college's mission, and policies and procedures.

Any questions related to Macalester's budgeting process should be directed to the Director of Budgeting and Finance.

RESPONSIBLE

ORGANIZATION: Business Services - Director of Budgeting & Finance