

University Budget

ROWAN UNIVERSITY POLICY

Title: *University Budget Process*

Subject: *Budget*

Policy No: *Fin: 2015:03*

Applies: *University-Wide*

Issuing Authority: *Senior Vice President of Finance and CFO*

Responsible Officers: *University Budget Director*

Adopted: *01/30/2015*

Last Revision: *11/18/2022*

Last Reviewed: *11/18/2022*

I. PURPOSE

The purpose of this policy is to outline the preparation, approval, and implementation of operating and financial budgets at Rowan University.

II. ACCOUNTABILITY

Under direction of the Senior Vice President of Finance/Chief Financial Officer, the University Assistant Vice President, Budget & Financial Planning along with the Budget Director will implement the budget process and ensure compliance with the policy.

III. APPLICABILITY

These policies and procedures apply to all University divisions, departments and activities.

IV. POLICY

1. The Rowan University budget expresses, in terms of dollars, the funded programs and plans of the University for the budget year and the estimated income (by source) necessary to finance these programs and plans. The budget is the primary instrument of fiscal control and, accordingly, contains all unrestricted income and expenditures of the University.
2. The Budget Office is responsible for the development and monitoring of the University's annual operating budgets. The Budget Office prepares the annual budget submission to the State of New Jersey; fulfills internal and external budgeting reporting requirements; processes budget transfers and funding requests for new programs and new initiatives; and provides financial analyses for departments and the University administration.
3. Preparation and Approval of University Budgets
 - a. Rowan University receives a major portion of its total unrestricted operating support from student tuition and fees. Other sources of funds include state appropriations, auxiliary services, University foundation allocation, faculty practice plan revenues, house staff billings, and other miscellaneous sources. In accordance with New Jersey statute, the Board of Trustees, the governing body of Rowan University, has general supervision over the University and its budget. The Board's responsibilities include establishing tuition and fee rates, and disbursing "all monies appropriated to the University and all monies received from tuition, fees, auxiliary services and other sources."

- b. The budget development process, driven by the budget development calendar, begins shortly after the start of the fiscal year (July 1st). The Budget Office, which is responsible for developing projections of expenditures and revenues, prepares a request for appropriations to the State of New Jersey for submission in November. The State will often set the parameters for anticipated expenditure growth as well as other budgetary assumptions. Enrollment projections and goals are important factors in the development of projections.
- c. In preparation for the University's Annual Operating Budget, the President's Cabinet initiates a request for budgets in the second quarter of each fiscal year. At this time, departments begin to develop their fiscal year budget proposals. Following a review of the submissions by the appropriate Vice President, the requests are forwarded to the Budget Office, compiled into various budget scenarios, and submitted to the Cabinet where any requests for new funding are approved. Final budget adjustments are based on the appropriations approved by the State, and the operating budget is then presented to the University's Board of Trustees for approval.
- d. The budget is structured and controlled through the automated Banner System. Departments are responsible for monitoring their budgeted allocations. Periodic reviews by the Budget Office ensure close adherence to the University's resource plan.
- e. At the close of the fiscal year (June 30th), the University is subject to an accounting and financial audit by an external certified public accounting firm. The results of the annual audit are presented to the Board of Trustees.

4. State Budget Submission

- a. The Budget Office has primary responsibility for preparing the annual budget request and submitting it to the State of New Jersey. The State budget submission is an opportunity for the University to not only provide details of the appropriation request for the next fiscal year, but to list the major accomplishments of the University in the current fiscal year and anticipated changes in the coming years.
- b. Preparation for the budget request begins in September and the budget is submitted to the State in November. Following a review by the State Office of Management and Budget, the Governor presents the proposed State budget to the State Legislature in February. The State Legislature approves the State budget, including the appropriation for higher education, prior to the beginning of the fiscal year.
- c. The budget request includes actual results from the prior year, revised budgets for the current fiscal year, and projections for the next fiscal year. The submission also includes the following requirements:
 - President's Overview, which highlights important details of the request and indicates how the request furthers the Institution's mission including key accomplishments and major changes
 - Budget Initiative forms, which detail requests for additional funding from the State
 - Organization charts
 - Tuition and Fee Projections
 - Programmatic Evaluation Data, such as enrollment and expenditure data
 - Salary detail and summary information

5. Tuition and Fees

- a. The Board of Trustees is authorized to set annual tuition and fee rates. The proposed rates are based on an analysis of various factors, including the comparative rates of similar institutions, projected student enrollments, state appropriations, anticipated University expense increases, economic indicators, and goals set by the University. In addition, the State of New Jersey may set guidelines regarding the amount of tuition increase permitted. Prior to adopting such rates, the Board shall conduct public hearings to provide members of the University community with an opportunity to share their perspectives.

1. ATTACHMENTS

- 2. Attachment 1 - New Account Request
- 3. Attachment 2 - Budget Transfer Request
- 4. Attachment 3 - Annual Budget Development Calendar

5. Attachment 4 - Budget Procedures

ATTACHMENT 1
NEW ACCOUNT REQUEST

New Account Request

Fund/Org: _____

Date: _____

Account Title: _____

Responsible Person: _____

Department: _____

Divisional Vice President: _____

Purpose of Account: _____

Begin Date: _____ End Date: _____

Source of Funds: _____

Approvals: _____

Department/Program Director: _____

Divisional Vice-President: _____

ATTACHMENT 2
BUDGET TRANSFER REQUEST

DOC. #: _____
FISCAL YEAR : _____

Transfer to:

ORGANIZATION NAME	SAL POS #	FUND #	ORG #	ACCT #	PROG #	AMOUNT

Transfer from:

ORGANIZATION NAME	SAL POS #	FUND #	ORG #	ACCT #	PROG #	AMOUNT

Reason for transfer: Budget Transfer will not be processed unless a reason is listed below

Dept. Head/Responsible Person: _____ Date _____

Dean/Division Head(When required) _____ Date _____

Budget Office(When required) _____

Date _____

Posted Banner _____ Date: _____ Reference: _____

PostedHRS _____ Date _____ Copy

SentDate: _____

[REVISED 11/7/14]

ATTACHMENT 3
ANNUAL BUDGET DEVELOPMENT CALENDAR

November - December

- Submission of state budget request to the State Office of Management and Budget
- Budget request forms will be distributed by Budget Office

December - January

- Budget proposals are completed by units and submitted to appropriate divisional Vice Presidents
- Vice Presidents forward recommended budget requests to Budget Office; the Budget Office will begin analysis of divisional budget requests and prepare different budget scenarios; President and Cabinet begin discussions of budget proposals

February

- Governor's budget message

March

- Budget is presented to Budget and Finance Committee of the Board of Trustees

May – June

- President's Cabinet approves preliminary budget
- Board of Trustees approves budget
- The Budget Office loads budget data from department worksheets into the banner system

July

- The fiscal year begins

BUDGET PROCEDURES

A. Personnel

1. Full-Time and Part-Time Staff

Units are required to fund all full-time and part-time staff positions from the approved budget allocation.

a. These include:

- Newly authorized personnel
- Annual leave and/or final payments to employees such as lump sum vacation
- Any temporary leave replacements the unit chooses to make
- Authorized staff reorganizations
- Fringe benefit costs (self-supporting programs)

b. Only permanent funds may be used to fund full-time positions. Contingency funds and one-time allocations cannot be used to fund permanent full-time positions. Salary savings may be used for temporary replacements of positions following approval by the appropriate department head, division head, and Budget Office.

2. New Position Requests (Out of Budget Cycle Requests)

All new position requests must follow Office of Human Resources procedures. Departments must include all appropriate documentation, including; job description, Request to Hire Form-Position Approval, justification, and funding plan. The Budget Office will ensure that the position has been approved and appropriate funding exists. All new, permanent positions are approved by the University President or their Designee.

3. Salary Savings

- a.** If a position in a department is vacant, the budgeted salary for that position is said to "lapse". Upon approval by the appropriate division head, funds in this account can be used to pay for temporary replacements. Any salary savings resulting from regular University state supported positions may not be used to create additional full-time positions.
- b.** Other uses for lapsed salaries, such as for non-personnel costs, may be approved on a limited basis. The use of all salary savings may be restricted in the event the University is required to cover expenses resulting from budget cuts or other institutional needs. Lapsed salaries apply only to regular University funded accounts in the unrestricted fund. Special Program accounts (revenue centers) do not lapse.

B. Budget Transfers

- 1.** Authorized department personnel who have been granted the appropriate security are permitted to process non-salary transfers on-line. On-line transfers are not permitted to or from salary accounts or in restricted fund accounts.
- 2.** To move budgeted funds from or to salary accounts, a "Budget Transfer Request" form must be completed. Once completed, the form should be submitted to the Budget Office for approval and processing into the Banner System.

C. Carryforward Funds

- 1.** Funds remaining in the regular University, CMSRU, & RowanSOM unrestricted fund/orgs do not roll over into the following fiscal year.
- 2.** Special Program (revenue center) funds budgeted for one fiscal year should also be spent in that same fiscal year. For revenue center funds that are established for multiple years, the funds remaining at year end are available to be carried forward into the next year with an approved budget request identifying those amounts. Fund balances in these accounts are subject to review by the University administration.

3. If it is determined by the Budget Office that a revenue center fund account has not been active for one year, or if the period for the project has expired, the account could be reviewed and subject to termination, and any remaining funds will be forfeited.

D. Fiscal Responsibility

1. It is the responsibility of each unit director of an approved budget, for a specific fund/org, to insure that sufficient funds/revenues are available to cover all unit costs thru year end.
2. For revenue center funds, the Budget Office prepares periodic (quarterly) year-to-date reports and distributes them to the appropriate division head. Any accounts not showing revenues sufficient to support costs must be reviewed by the unit director and division head and a corrective business plan approved by the division head must be submitted to the Budget Office.

E. Establishing Accounts

1. If it is determined that changes to the attributes of an existing account need to be made, or a new cost center needs to be established because a department is expanding or adding a new program, an "Account Request" form must be completed by the department.
2. The department must include the proposed title, fiscal agent, department, division, source of funds, a brief description of the program and the period the program will be active. A budget should be attached identifying the source of revenue and the fee schedule used to determine the projected revenue.