

BUSINESS POLICY

TO: All Members of the University Community

2011:02

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Budget Management Policy (Supersedes 2009:02)

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Budget Management Policy

Section 1 – Policy Statement

The Budget Management Policy delegates authority and responsibility for budgeted resources to the President, Vice President or Dean/director level as specified in the following policy guidelines.

Each person in the institution will contribute to the conservation and effective use of institutional resources. Decentralized authority is intended to give unit managers needed flexibility to effectively manage unit operations. At the same time, managers are responsible for ensuring that resources are not over-expended.

Budget control points included in this policy:

1. Full-Time Positions (continuing or temporary).
2. Part-Time and Supplemental Faculty Positions
3. Student Wage
4. Overtime
5. General Operations
 - a. Supply and expense
 - b. Equipment
6. Year-End Balances

Budget control points not included in this policy:

1. Employee benefits
 - a. Individual benefits (health, life, etc.)
 - b. Pooled compensation (early retirement, sick leave payoffs, longevity, shift differential, etc.)
2. Summer faculty salaries
3. University-wide costs
 - a. Insurance
 - b. Utilities
 - c. Student assistance (financial aid)
4. Others as may be identified annually (debt service, deferred maintenance, etc.)

Section 2 – General Authority

- The President has the authority to amend this policy.
- Vice Presidents have the authority and responsibility for maintaining divisional resources within budget and may further restrict this authority as circumstances dictate.

- Deans/directors have authority and responsibility for maintaining college/unit resources within budget.

Section 3 – General Fund Budget Process

Once the annual general fund operating budget is approved by the Board of Trustees, the Budget Office will provide each division with annual budget allocations. The allocations will be distributed under the authority of each Vice President.

Carryover –

- a. Balances remaining in the unit account at year end will stay within the respective divisions. The Vice President of each division or the Dean of a college may consolidate budget balances within their division or college into central divisional or college accounts.
- b. Balances remaining at year end will be moved to accounts in the organization structure with the letter 'C' added to the org number, e.g. 10000-xxxxxC-xxxx. This will identify any budget carryover funds separate from the base budget allocation in the new year. Divisions are encouraged to use the carryover funds for strategic priorities.
- c. Transfers can be made between carryover accounts but transfers are not to be made to non carryover accounts. If spending is done from carryover funds, the purchase order can be written using this FOAP. The purchasing card can also be used. If there are not adequate funds in the carryover FOAP, the purchase order must be split between accounts. The funds will be in supply and expense or equipment budget categories.

Section 4 – Salary & Wage

Definition - The salary and wage category includes the following budget items which are assigned to unit/account levels:

1. Full-time continuing positions
2. Full-time temporary positions
3. Supplemental faculty wage
4. Part-time adult wage
5. Student wage
6. Overtime

Continuing Positions

- a. New positions may be created with the President's approval.
- b. Vice Presidents have the authority to fill, delete, and move existing positions. This authority may not be delegated.
- c. The salary and wage budget will be established annually based upon approved assumptions (cost-of-living adjustment, contractual agreements, etc.).
- d. Annual salary adjustments for general fund positions are funded centrally.
 - Full-time continuing employees

- Bargaining unit positions covered by a contract (FFA, CT, AFSCME, etc.)
- e. For non-contract positions receiving a salary increase due to a position audit, reorganization, or other change, the increase will be funded through unit resources.
- f. All reclassifications or status changes will identify the funding source, if applicable, on the Personnel Action Form (PAF) .
- g. No additional continuing or temporary positions may be created without presidential approval.
- h. Current continuing positions which are restructured and which require the creation of a new position number, but do not add incrementally to the total FTE number of budgeted positions, do not require presidential approval.

Non-Continuing Positions

- a. Temporary full-time positions may be created with the President's approval.
- b. Vice Presidents have the authority to approve the establishment of part-time temporary positions, as well as, to fill, delete, and move existing positions. This authority may not be delegated.
- c. Salaries and any salary increases are funded through unit resources.

Supplemental Faculty, Part-Time Adult Wage and Student Wage

- a. Deans/directors have authority to administer supplemental faculty, part-time, student wage & overtime budgets.
- b. Budget allocations for supplemental faculty, part-time adult wage and overtime will be allocated as lump sum amounts at the beginning of the fiscal year.
- c. Student wages have special considerations.
 - i. College/unit will receive a student wage allocation from the vice president.
 - ii. Because student wage is a form of financial aid the budget must remain within the student wage category. Funding may not be moved out of the student wage category without presidential approval. Additional funding may be moved into this category per approved procedure.
 - iii. Year-end balances which remain within the student wage category will be reallocated to the President and used to support student wage needs in the current year or carried forward for reallocation by the President in the next fiscal year.

Budget Adjustments

1. All budget items, except student wages, within the salary and wage control category may be moved to other budget items within this category, the supply and expense category or the equipment category with Dean/director approval.
2. All permanent budget transfers must be done by processing a Budget Adjustment Request (BAR) form (form can be found on the Budget Office website or in My FSU under the My Workplace tab, University Forms). This form must be signed by appropriate authority and forwarded to the Budget Office. Temporary budget transfers can also be done using the BAR form or via e-mail to the Finance/Position Control Analyst. A temporary transfer of \$20,000, or greater must have Vice President approval.

Authority

1. Within this control category, Vice Presidents have the authority to:
 - a. Refill positions (per approved hiring procedures).

- b. Reclassify positions (per approved personnel procedures).
 - c. Transfer positions between college/units.
2. Within this control category, Deans/directors or designee have the authority to:
 - a. Move unencumbered resources, except student wages, between budget items (e.g., from a faculty position to supplemental faculty wages, etc.).
 - b. Move resources, except student wage allocations, from the salary and wage category to supply and expense or equipment categories.

Employee Benefits

1. Employee benefits for general fund full time continuing positions are funded centrally except as noted in item 2.
2. Newly created positions, or any reallocations from non-wage to wage categories, must provide a funding transfer to the respective salary account to cover the benefits for that position. (Example: If a position is upgraded using non-salary monies, a transfer must be made to the benefit category to provide for the required increase in benefits).
3. Transfer of employee benefit funding that is allocated to a department from the Budget Office through the allocation process or through the budget of a full-time position from Banner HR may not be moved outside of the benefit account code to other account codes. Benefit budgets do not roll from current fiscal year into the new fiscal year. Year end balances which remain within the benefit category will be captured centrally.

Salary and Wage Savings

1. Salary savings, which occur during the fiscal year, remain within the operating unless directed otherwise by the divisional Vice President.
2. Year-end balances within the salary and wage category will be rolled into supply and expense of the carryover FOAP for the new fiscal year (unless otherwise identified by the Budget Office). Salary savings will remain within the same operating unit account unless reclassified by either the Vice President or Dean/director.
3. At the end of the fiscal year, filled positions will roll into the new fiscal year at the position budget amount.
4. Any position which has been vacant for more than one year may be reviewed at the President's Council level for possible elimination as part of the annual budget development cycle.

Position Vacancy Procedures

1. When a position becomes vacant, the designated administrator (Dean/director) will recommend to the Vice President if the:
 - a. position is to be filled or held vacant for a period of time.
 - b. position or responsibility will be consolidated.
 - c. permanent budgeted amounts will be moved to another position or category.

Please note, only permanent salary savings (i.e. filling a position at less than approved budget) may be used to upgrade salaries for other positions. One-time savings generated by holding a position open for a period of time may not be used to fund a permanent upgrade.

Example A:

Position A is budgeted at \$30,000 and becomes vacant [and is the only position assigned to Unit X]. The position remains vacant for six months before it is filled, generating \$15,000 in salary savings. The position may not be refilled at more than \$30,000 with an indication that

salary savings will provide the increase, since the one-time savings will not be available in the ensuing year and will create a shortfall in the ensuing year's budget.

Example B:

Non bargaining unit Position B is budgeted at \$40,000, becomes vacant during the year and is refilled at \$30,000. The \$10,000 difference between the position budget and the current assigned amount is an available resource to the unit for use in the current year as a source of funding for upgrading other position budgets, supporting general operational needs, or supporting other labor needs.

If the difference between the continuing position budget and full year assignment is not used, it will carry forward to the subsequent fiscal year as a one-time supply/expense adjustment.

Bargaining unit positions except faculty, position budgets are set at the new employee's actual pay rate per contract. Any difference is funded from or returned to central funds.

2. If a position is to be filled a hiring approval must be obtained through the People Adm system approval process.
3. Regardless of the approved salary range, if a position is filled at a salary higher than the current budget for that position, the unit will be responsible for identifying additional funding.
4. The Finance Office will update the position control system to reflect funding decisions on each position. It is important that all departments work together to process the proper BAR form, PAF or other written notification to maintain the accuracy of the system.

Section 5 – Supply & Expense and Equipment

The President and the division Vice President may further restrict authority, allocations, and budget carryover as needed.

Definition - Supply and expense and equipment budgets provide funding for non-employee expenditures such as supplies and expenses, travel and recruiting, contractual services, operating maintenance and repair, and department equipment.

Allocations

1. Each college/unit will be provided an annual general operations allocation by the division Vice President.
2. The Dean/director will make specific allocations to each department/account within their responsibility.
3. Department head/account managers will allocate approved totals to specific FOAP's and transmit to the Budget Office per approved procedure. The Budget Office will provide the Finance Office with the allocation upload for entry into Banner Finance.

Budget Adjustments –

Adjustments to the supply & expense and equipment budgets require dean/director or designee approval. All permanent budget transfers must be done by processing a Budget Adjustment Request (BAR) form. This form must be signed by appropriate authority and forwarded to the Budget Office. Temporary budget transfer can also be done using the BAR form or via e-mail to the Finance/Position Control Analyst. A temporary transfer over \$20,000 must have Vice President approval.

1. Permanent Budget Transfers
 - a. Resources may be moved within a college/unit with Dean/director or designee approval following established University procedures.
 - b. Resources may be moved between a college/unit with division Vice President approval following established University procedures.
2. Temporary Budget Transfer
 - a. Resources may be moved between college/unit or within college/unit up to \$20,000 with Dean/director approval following established University procedures.
 - b. Resources over \$20,000 being moved within college/unit or between college/unit must have division Vice President approval.
3. Over expenditures
 - a. Absolutely no over expenditure of institutional resources will be allowed. The Finance Office will alert budget managers to areas of concern when budget balances are in question. Budget managers will then have the responsibility to provide additional resources or to stop expenditures from such accounts.

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