

INDIANA UNIVERSITY SOUTH BEND BUDGET POLICY

APPROVED BUDGET:

A new fiscal year general fund budget that reflects continuing base funds, incremental budget increases and salary increases represents the approved institutional budget. Divisions are required to not exceed their total approved budget. Divisions will be required by the campus budget office to cover deficit line items as they occur to help ensure deficits are covered and the total division budget is not exceeded. A division budget deficit that cannot be covered by fiscal year end will be carried forward and the Vice Chancellor of the division must cover the deficit in the new fiscal year by **October 1**. It is recognized that the budget includes estimates and that actual circumstances may necessitate mid-year adjustments. It is the responsibility of the division Vice Chancellor to report to the Chancellor's cabinet any mid-year budget increments needed and to seek final approval from the Chancellor for any change in budget. The Chancellor will consult with the Administrative and Fiscal Affairs office to determine whether funding exists to approve a mid-year budget increment. The mid-year additional expenditures will be funded from salary savings or other funds identified by the Administrative and Fiscal Affairs office.

BUDGET REQUESTS:

Each Division Vice Chancellor will be responsible for submitting budget requests on a Budget Request Form to the Chancellor by January 1st for the following fiscal year budget. Each Vice Chancellor will determine their own process for identifying budget needs within their division. No budget commitments requiring new funds will be made without the express approval of the Chancellor. All budget commitments need to be communicated to the Vice Chancellor for Administrative and Fiscal Affairs for inclusion in the budget or to be funded as a mid-year approved expenditure from salary savings.

BUDGET PROCESS:

Academic Senate Budget Committee – the Faculty Handbook states that this committee has the following responsibilities:

1. To represent faculty interests in budget matters at IUSB.

2. To consult with appropriate administrative officers in preparing IUSB's budget each year.
3. To consult with the faculty members of this campus about budgetary procedures and practices.
4. To evaluate present budgetary procedures and to propose modifications as needed.

To assist the committee in fulfilling its role, the Vice Chancellor for Administrative and Fiscal Affairs will meet with the Academic Senate Budget Committee throughout the academic year or as requested to inform the committee about budget requests, budget needs and objectives, and about the status of the budget process. The Vice Chancellor for Administrative and Fiscal Affairs will also make a presentation to the full Academic Senate each fall to inform the faculty of the budget decisions reached and to provide information about the campus budget. The committee will determine the process it wishes to undertake in order to provide advice and counsel to campus administration on budget priorities and other budgetary matters.

Budget Process and Timeline – It is envisioned that the Chancellor will determine annual campus priorities based on the campus strategic plan and in consultation with the Strategic Planning Advisory Council.

The campus budget process and timeline will be developed by the Chancellor each year and announced early in the academic year. Campus budget discussions are expected to take place in the fall and early winter months. The detailed budget process will need to coincide with the overall IU budget schedule with specific deadlines for fee rates, budget load, Board of Trustee meetings, etc. This detailed process takes place beginning in January or February and will involve determining specific budget priority items to be funded. The process completion date tends to be late spring (May) in full legislative budget years (odd years) and early spring (March) in non-budget years (even years).

BUDGET TRANSFERS:

Departments may transfer funds within budget categories between object codes. Budget categories are defined as follows:

Budget Category Group 1: Compensation

- Faculty Salaries
- Professional Salaries
- Clerical Salaries
- Hourly Salaries

Budget Category Group 2: Operations and Equipment

- Travel

S&E
Equipment

Departments may make current year budget transfers within each budget category group. Base budget transfers or budget transfers between budget category groups need to be requested and approved except as noted below (use of salary savings). Requests should be made on a Budget Transfer Form.

VACANCY & OTHER SALARY SAVINGS:

Faculty – Current year salary savings are defined as current year uncommitted salary budget due to a position being vacant or filled temporarily at a lower salary with a visiting lecturer or adjunct professor. All current year salary savings will be split 50/50 between a central administration pool and an Academic Affairs pool. The Administrative and Fiscal Affairs Office will distribute the current year salary savings to each pool throughout the year as realized. These pools represent current year, one-time funds and are meant to address current year unbudgeted needs. The Academic Affairs share of the savings can be used at the direction of the Vice Chancellor for Academic Affairs and can be freely transferred between budget categories and budget category groups. The central administration share of the current year salary savings revert to the campus General Fund budget for mid-year budget adjustments, one-time expenses or campus reserves.

The Vice Chancellor for Academic Affairs is responsible for the immediate reporting of all full-time faculty resignations and retirements to the Administrative and Fiscal Affairs office. The budget amounts related to upcoming vacant positions from resignations, temporary appointments and retirements will constitute an academic pool to be available to fund items such as faculty promotions, faculty raises, 18/20 retirement, teaching awards, increments to budgeted positions, new positions and campus-wide uses. The academic pool differs from the pools outlined in the preceding paragraph in that this is a pool of base budget funds rather than current year, one-time funds. Any use of funds from this pool requires the necessary approvals on a Faculty Appointment Request form or a Budget Request form.

Professional Staff – Current year salary savings are defined as current year uncommitted salary budget due to a position being vacant. Temporary hires using this savings require the necessary approvals on a Personnel Appointment Request form. All current year salary savings will be split 50/50 between a campus-wide pool and the division from which the vacancy relates. The Administrative and Fiscal Affairs Office will distribute the current year salary savings to each pool throughout the year as realized. These pools represent current year, one-time funds and are meant to address current year unbudgeted needs. The division share of the savings can be used at the direction of the division Vice Chancellor and can be freely transferred between budget categories and budget category groups. The

central administration share of the current year salary savings revert to the campus General Fund budget for mid-year budget adjustments, one-time expenses or campus reserves.

Permanent salary savings occur when the starting salary for the new hire is less than the former employee's salary. This savings will revert to the campus General Fund budget. Campus departments are responsible for obtaining the approvals to advertise to fill vacancies by completing the Personnel Appointment Request (PAR) form.

Clerical Staff – Current year salary savings are defined as current year uncommitted salary budget due to a position being vacant. Temporary hires using this savings require the necessary approvals on a Personnel Appointment Request form. All current year salary savings will be split 50/50 between central administration and the division from which the vacancy relates. The Administrative and Fiscal Affairs Office will distribute the current year salary savings to each pool throughout the year as realized. These pools represent current year, one-time funds and are meant to address current year unbudgeted needs. The division share of the savings can be used at the direction of the division Vice Chancellor and can be freely transferred between budget categories and budget category groups. The central administration share of the current year salary savings revert to the campus General Fund budget for mid-year budget adjustments, one-time expenses or campus reserves.

Permanent salary savings occur when the starting salary for the new hire is less than the former employee's salary. This savings will revert to the campus General Fund budget. Campus departments are responsible for obtaining the approvals to advertise to fill vacancies by completing the Personnel Appointment Request (PAR) form.

Clerical staff starting salaries are to be based upon the minimum salary rate on the approved clerical staff salary rate schedule.

Hourly Staff - Division Vice Chancellors are responsible for having a division approval process for hiring hourly or other temporary employees including temporary agency employees. No hires should be made without adequate budget for the hire in the account being charged.

Unfilled Vacancy - Any professional staff or clerical staff vacancy that remains unfilled for 12 consecutive months will revert to the campus General Fund budget. Exceptions will require approval of the Chancellor.

Faculty Sabbaticals – Salary savings from granting faculty sabbaticals remain in Academic Affairs. As a general principal, replacement faculty for faculty sabbaticals should be funded from the savings generated from granting the sabbaticals.

CARRYFORWARD:

The only General Fund budgets that will automatically carryforward are Technology Fee funds (actual unspent funds), Informatics program funds, academic equipment funds and Student Persistence and Retention Funds. Unspent CTE funds revert to a central CTE reserve to be used for salary increases for CTE funded employees and one-time uses approved by University Administration and the Chancellor. Normally, unspent budgeted funds will be used to cover division deficits, add to campus reserves or to balance the campus budget. On rare occasions, departments may submit requests to carryforward unspent budget amounts. Requests with justification should be submitted to the Vice Chancellor for Administrative and Fiscal Affairs by **May 1st**. All requests will be reviewed by the Chancellor near fiscal year end close in July and requesting departments will be notified thereafter.

BUDGET RESERVES:

Each campus, other than Bloomington, will maintain an uncommitted general fund year-end reserve equal to at least three percent of budgeted general fund income. The Bloomington campus will maintain an uncommitted general fund year-end reserve of at least two percent of budgeted general fund income. A campus with a reserve of less than the percent guideline amount will develop and implement a plan for corrective action, which is subject to review and approval by the Vice President and Chief Financial Officer.

The Finance and Audit Committee of the University Trustees will receive periodic reports from the Office of the Vice President and Chief Financial Officer on the projected general fund year-end reserves by campus. As part of the year-end financial report, the Committee will receive reports of actual June 30 balances in general fund year-end reserves by campus and by individual responsibility center in centers having balances in excess of \$500,000. All reserves exceeding the guideline amount may be committed and expended in accordance with the following procedure: The campus chancellor, with the approval of the President, may obligate the use of general fund year-end reserves. Such commitments and expenditures in reasonable detail will be included as part of the periodic reports submitted to the Finance and Audit Committee. According to State statute (IC 10-12-5.5-4) such reserves may be used for capital projects whose cost is less than \$90,000.

NON-GENERAL FUND ACCOUNTS:

Accounts within the fund groups of 20-23, 27-29, and 60-66 that incur compensation related expenses or that have a volume of expenditure activity of \$10,000 or more each fiscal year must establish an operating budget. Deficits in these accounts will incur interest charges from University Administration in Bloomington.

AUXILIARY & DESIGNATED FUND ACCOUNTS:

Auxiliary Fund accounts represent enterprise type activities that are intended to function like a business and earn a profit or at least break-even. Designated fund accounts represent service activities in which costs are pooled and then distributed to departments based upon usage of the service such as the Copy Center. These funds inherently require different policies from general fund accounts. Salary savings from vacancies are retained in the service or enterprise account and are not subject to the budget request, budget transfer, carryforward or vacancy savings sections of this policy. All fiscal year end balances – positive or negative – automatically carryforward. Auxiliary enterprise and service activity performance is reviewed quarterly by the Auxiliary Strategic Executive Team (ASET). Accounts with declining financial performance or a deficit balance require the account manager and division vice chancellor to review the enterprise's performance and provide the Vice Chancellor for Administrative and Fiscal Affairs a quarterly report assessing the performance of the enterprise and plans for improving the enterprise's performance.

RESTRICTED FUND ACCOUNTS:

Restricted fund accounts represent funding that is restricted in its use by an external party. These funds need to be accounted for separately and cannot be commingled with any other funds. As such, these funds are not subject to the budget request, budget transfer, carryforward or vacancy savings sections of this policy. Instead, these funds are ruled by the grant or other document provided by the external source of funding. Examples include sponsored grants and contracts and scholarship accounts.

BUDGET ADMINISTRATION:

Fiscal managers will review, on a regular basis, the financial activities for which they are responsible to ensure that these activities are carried out properly and in a manner that is consistent with and contributes to the overall plans and goals of Indiana University South Bend. Fiscal managers include fiscal officers, account managers, account supervisors, RC business managers and campus business officers. At the account level, fiscal managers can use the monthly Statements of Account, Cash Reports, monthly Budget Report, On-line Statements of Account

Inquiry System (TOSS), Current Budget Ledger and other university and departmental reports to review the status of accounts with respect to confirmation to the budget plan. In the case of cash control accounts, the cash balance is the review point.

Budget Corrections – In the event of budget overdrafts or cash deficit problems, the campus budget office will automatically and routinely process budget adjustments from budget lines within the responsibility center to correct the problem to ensure the department can continue to process transactions on the account. It is important for timely corrections to be made. The University Budget Office in Bloomington will not process certain transactions against a budget level overdraft or a cash deficit (cash control accounts) until corrective action is taken. Non-routine budget issues will be discussed with the department head or the division vice chancellor.

STUDENT AND OTHER UNIVERSITY FEES APPROVAL:

The IU Vice President and Chief Financial Officer has the authority to approve all fees except those reserved by the Board of Trustees in Section A below. Under this authority the Vice President and Chief Financial Officer specifically delegates the approval of certain fees to the chief executive officer of each campus. Those fees that are retained for specific approval by the Vice President and Chief Financial Officer are covered in Section B below. Those fees that are specifically delegated at this time to the campus administration are indicated in Section C below.

Under this policy, the IU South Bend Administrative and Fiscal Affairs Office is charged with the responsibility for obtaining and coordinating data to be submitted to the University Budget Office for the necessary approvals. Campus departments that wish to request new fees or changes to existing fees must submit their requests to their division Vice Chancellor and to the Administrative and Fiscal Affairs office by November 1 for the following academic year.

A. Fees and charges reserved for specific approval by Board of Trustees:

1. Instructional fees (tuition) excluding distance education fees.
2. Halls of Residence/Housing fees.
3. Academic program fees applied to specific majors.
4. Mandatory fees charged to all students on a campus.

B. Fees and charges reserved for the specific approval by the IU Vice President and Chief Financial Officer are as follows:

1. Course-related fees (examples include rates for laboratory and contact hours, education course fees, auditing, examinations for credit, applied music, distance education courses, and special laboratory fees).
 2. Fees related to entering the University (application fees, advance payment of fees, etc.).
 3. Fees/charges assessed by enterprises to pay debt service on facilities except for Halls of Residence/Housing.
 4. Other fees not specifically covered in this policy.
- C. This policy delegates to the appropriate Chancellor of the campus, authority to approve the following fees and charges. It is their responsibility to inform the University Budget Office of the fees and charges for inclusion in the University's master fee list.
1. Rentals (houses, lockers, facilities, musical instruments, etc.).
 2. Short courses, recreational sports, conferences, and Continuing Studies Programs not for credit.
 3. Retail operations or sales of goods and services to the public and University community, including charges to be deposited in restricted funds.
 4. Fines and penalties (libraries, bad checks, parking and vehicles).
 5. Intra-campus departmental charges (duplicating, motor vehicles, telephone, physical plant, etc.).
 6. Special examinations not related to award of credit.
 7. Clinical fees, excluding hospital charges.
 8. Admission Fees-Ticket Sales, excluding Big Ten basketball and football.
 9. Deposits (lockers, uniforms, equipment).
 10. Pass-through fees such as horseback riding, scuba, bowling, etc.

DEFINITIONS:

Base Budget: budget amount for fiscal year as set during budget construction.

Carryforward: the process of allowing unspent budgeted funds from one fiscal year that have reverted into campus or division reserves to be spent in the following fiscal year.

Commitments: planned expenditures for salaries and fringe benefits for a given appointed position, and other categories of expenses.

Current Budget: base amount for current fiscal year with all permanent and temporary adjustments applied throughout the year.

Current year salary savings: one-time savings achieved in a fiscal year from some unspent salary budget due to a position being vacant.

Permanent salary savings: occur when the starting salary for the new hire is less than the former employee's salary. The difference between salary amounts represents a permanent base budget amount that can be used for other base budget commitments.

FORMS:

1. **Budget Transfer form**
2. **Budget Request form**
3. **Faculty Appointment Request form**
 - A. **Budget Request for New Faculty Position**
4. **Personnel Appointment Request form**
 - A. **Budget Request for New Staff Position**