

Humboldt State University

Addendum to the University Budget Policies

Humboldt State University's new budget policies and its budget process have been crafted with careful thought to creating an environment for a much more open and understandable annual budget process. To that end, the budget policy requires that each major division within the University develop written divisional operating budget policies that complement the University budget policies. These divisional policies will be posted as addenda to the University budget policy.

Administrative Affairs Division Divisional Budget Policy Addendum

Divisional Annual Budget Process

The Administrative Affairs division has developed a budget process to mirror the University budget process. Initially, the Vice President will meet with the department heads of each major unit within the division to develop annual divisional goals based on the university mission and the President's priorities. The Directors are then requested to meet with their staff to convey the divisional priorities and gather additional input. This communication process ultimately defines divisional goals and priorities. The Vice President will finalize divisional funding requests and present those requests to the University Budget Committee for consideration during the annual budget process. For specific responsibilities of divisional participants, please refer to the "Budget Review Process" document.

Base Budgeted Position Salary and Benefit Funding

Annual Salary and Benefit Costs

The divisional budget pool will fund the annual salary and benefit costs associated with approved base budgeted positions. Examples of items covered in this category include state authorized salary increases, service salary increases, approved reclassifications, approved in-range-progressions, and approved new positions. In all cases where additional salary and benefit funds are needed from the divisional budget pool, it is the responsibility of the department Director to secure approval and funding from the Vice President, in writing, prior to the implementation of any salary augmentation or new positions. The Director may be directed to self-fund all or a part of the augmentation or new position.

Annual Salary and Benefit Savings

Any and all non-restricted General Fund salary and benefit savings within the division will return to the divisional pool, held centrally in the Vice President of Administrative Affairs office. Directors may request access to these funds to

achieve approved goals or for unforeseen needs. Final approval rests with the Vice President of Administrative Affairs.

The purpose of recapturing the salary and benefit savings is to create a contingency to address increases in salary and benefit costs, budget reductions, and new initiatives. Approved changes to personnel and budgeted position salary/benefit funding caused by employee turnover or the need for a temporary or modified position may be funded from these savings.

Current Year Salary And Benefit Funding

The difference between the funding requirements in a current year vs. the annual base for a position is simply timing. For example, a position hired six months into a year would require a department to provide just half of the annual salary and benefit costs for the current year. Similarly, a position vacated half way through the year, and not refilled in the current year, would accrue half the annual salary and benefit in position savings.

Current Year Salary and Benefit Costs

The divisional funding pool will cover the annual salary and benefit costs associated with base budgeted positions. *In order for the divisional funding pool to cover state-wide negotiated salary and benefit cost increases, and/or CSU mandated personnel benefits cost increases, the base general fund allocation to the division must be increased accordingly by the University.*

Examples of items covered in this category include state authorized salary increases, service salary increases, approved reclassifications, approved in-range-progressions, and approved new positions. In all cases where additional salary and benefit costs are needed, it is the responsibility of the department to secure appropriate approval in writing, from the Vice President of Administrative Affairs prior to the hiring process.

The Vice President may ask the department to self-fund all or part of the salary and benefit costs associated with their augmentation request.

Current Year Salary and Benefit Savings

The departments will return annual salary and benefit savings associated with base budgeted positions to the divisional level. Position savings would typically accrue during employee turnover, retirements, or reduction in term of appointment for the position. The primary purpose of recapturing the current year salary and benefit savings is to use this savings to fund temporary or part-time replacement positions to backfill duties until a permanent replacement can be recruited or to fund other mandated programs or divisional priorities.

A Director may provide a written request to the Vice President of Administrative Affairs use of these funds for one-time initiatives.

Contingency Reserve

The division must responsibly plan for unforeseen funding initiatives that come up throughout the year despite best planning efforts. It is prudent planning to expect that a division should have a base budgeted contingency reserve of approximately three (3%) percent as a planning buffer for a margin of uncertainty. This goal is a priority for the division and will be funded from one-time roll forward funds and other general funds allocated to the division at the beginning of the fiscal year.

Unexpended Year End Budget Balances

Each department Director will provide a projection of carry-forward funds along with plans for use of the funds to the Vice President of Administrative Affairs by June 1st each year. A reasonable carry-forward amount should not exceed 2% of the department's overall budget (salaries, benefits, and O.E. funds). All funds exceeding this percentage along with all other unexpended funds will return to the divisional budget.

Reallocation of all carry-forward and unexpended funds will be through the approval of the Vice President of Administrative Affairs based on written requests from the departments due no later than July 1st each year.