

# **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.

### **President's Division Divisional Budget Policy Addendum**

#### **Divisional Annual Budget Process**

The President's division has developed a budget process to mirror the University budget process. (Throughout this divisional policy document, the word President is used to describe the President in his role as division leader for his organization.) Initially, the President, as the division leader, will meet with the unit heads of each major unit within the division to review the university mission and the divisional goals for the coming year. Unit heads are then requested to meet with their staff to convey the divisional priorities and gather additional input. Unit heads will meet with employees in their cost center to discuss the divisional goals and provide additional input. Throughout the whole annual budget process, there is communication and dialog back and forth to ultimately identify divisional priorities and funding requests. The President, as the division leader, will prioritize 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 pool will fund the annual salary and benefit costs associated with 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 pool, it is the responsibility of unit head to secure approval for funding from the President, in writing, prior to the implementation of any salary augmentation.

Occasionally, the President may ask a unit head to fund the base salary and benefit augmentation request from their cost center. However, the unit head will be notified in advance of the implementation timeline of their responsibility to self-fund an augmentation.

##### ***Annual Salary and Benefit Savings***

Salary and benefit costs are the largest piece of our annual divisional budget and it is important for the division to carefully manage these funds. Position savings would typically accrue during employee turnover, retirements, or reduction in term of appointment for the position. The division

will capture the position savings to the central divisional pool. The purpose of recapturing the salary and benefit savings is to use this savings to fund the increases in salary and benefit costs as described above in *Annual Salary and Benefit Costs*

### **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 the division 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. The annual base cost of the position remains the full annual cost for salaries and benefits in the following year.

### ***Current Year Salary and Benefit Costs***

The divisional funding pool will cover the current year salary and benefit costs associated with 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 costs are needed, it is the responsibility of the unit head to secure appropriate approval for funding from the President, in writing, prior to the implementation of any salary augmentations.

Occasionally, the President may ask a unit head to fund the current year salary and benefit augmentation request from their cost center. However, the unit head will be notified in advance of the implementation timeline of their responsibility to self-fund an augmentation.

### ***Current Year Salary and Benefit Savings***

The President has a responsibility to use funding in the most effective way to reach divisional goals. Position savings would typically accrue during employee turnover, retirements, or reduction in term of appointment for the position. In the current year, the division will recover salary and benefit savings to the central divisional pool. The primary purpose of recapturing the current year salary and benefit savings is to use this savings to fund temporary or part-time replacement faculty, staff, or administrators to backfill duties until permanent replacement can be recruited or to fund one-time salary augmentations, such as rural health care stipends.

A unit head may provide a written request for use of these funds for current year initiatives.

### **Contingency Reserve**

The President 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 at least \$100,000 as a planning buffer for a margin of uncertainty. This goal must be a high, long-term priority for the division. In the short-term, the pool may largely be created from one-time roll forward funds.

**Unexpended Year End Budget Balances**

The President has a responsibility to manage divisional funds to most effectively and efficiently meet the goals of the division and the institution. Funding for the division is most effectively managed and leveraged when pooled at the divisional level rather than left in small pieces at the cost center level. Therefore, the President will recover unexpended year end balances (roll forward) centrally and will work with unit heads to spend these funds on divisional priorities. Unit heads are encouraged to submit creative proposals for use of these one-time funds to the President.

**Academic Affairs Division**  
**Divisional Budget Policy Addendum: Revised 7/01/08**

**Annual Budget Process**

The annual budget process is an ongoing, continuous cycle as described in the budget process timeline published by the University Budget Office and is tied to the State of California budget process. At the beginning of each fall semester the President and the executive leadership will begin the budget process by reviewing the HSU mission and setting priorities for the following year<sup>1</sup>. The Provost then consults with the Provost's Council and the Council of Deans to establish divisional goals for the year. In the second week of October, the Provost issues a budget call letter, based on the current fiscal situation and the priorities of the University and the Division, to the divisional Deans and Directors.

Deans and Directors then consult with their faculty and staff to discuss the budget year's goals, opportunities and challenges. (Deans and Directors are expected to publish their own budget policies and budget process schedules, which should complement those of the University and the Division.) Budget planning documents are prepared by the Deans and Directors for submission to the Provost on the last Friday of fall semester. Requests for augmentations are included in the budget planning documents.

At the Provost's request and with the agreement of the faculty serving on the Provost's Council, Deans and Directors will make budget presentations to the Provost's Council on the Tuesday and Wednesday of the week prior to the start of spring semester. The Provost's Council will make recommendations to the Provost on the prioritization of budget requests by the end of January.

During the first two weeks of February, the Office of Budget & Institutional Data for Academic Affairs will compile a prioritized divisional request, which the Provost will use in the University's annual budget process.

**Base Budgeted Position Salary and Benefit Funding**

***Base Budget Salary and Benefit Costs***

Salary and benefit costs will be established at the college/major unit level and posted to the University financial system at the cost center level.

Salary expenditures make up the largest portion of the annual budget and represent long-term commitments, and therefore must be carefully monitored. The University Budget Office maintains a database called the Position Inventory. Colleges and major units will work with the Office of Budget & Institutional Data for Academic Affairs to update the Position Inventory annually and establish salary and benefits base budget for the coming year, also known as the base year. Salary and benefits budgets associated with probationary, tenured faculty, permanent staff and management positions are established in the Position Inventory by position and cost center. Each position in the inventory carries the ending base budget value for that position from

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<sup>1</sup>Year will include summer as the leading term.

the current year, i.e., all salary increases for the current year have been applied to that position for 12 months and are carried forward into the next base year. Lecturers with full-time appointments will also be included in the position inventory. Salary and benefits budgets associated with other temporary faculty and incremental department chair salaries are established in salary pools at the college or major unit level. FERP multi-headcount positions are established at the department level.

### ***Benefits Management***

Benefits will be managed at the Division (Provost) level in consultation with the colleges and major units. Benefits will be budgeted at the beginning of each fiscal year by position. This funding will be distributed to the cost center/department level in accounts designated for benefits expenditures. During the course of the fiscal year, funds will not be moved out of benefits accounts for other expenditures categories, but will be retained for benefits expenditures. The primary use of benefit savings is to provide for benefits funding across the Division. At the end of the fiscal year, any net savings in benefits accounts will be pooled at the Division (Provost) level and used according to roll forward policy.

### ***Vacant Positions***

In the current year when a permanent faculty member retires, without entering FERP, or resigns, the following actions will be taken by the Office of Budget & Institutional Data prior to the start of classes in the Fall and Spring:

1. Salary and benefit funds will be transferred for backfill from the vacated position to the college's Temp pool at a full-time vacant rate with an average benefits amount prorated for the number of months remaining in the current year.
2. The remainder, minus the retiring/resigning faculty member's expended salary and benefits, will be transferred to the division level for reallocation.
3. The Provost will fund the amount required for lump out.

In the base year (ongoing budget) when a permanent faculty member retires, without entering FERP, or resigns, the following actions will be taken by the University Budget Office:

1. The vacated position will be funded at a full-time vacant rate with an average benefits amount and the salary and benefits will be moved to the college's Temp pool.
2. The remainder of the salary and benefits will be moved to the division level for reallocation.
3. The vacant position number will remain in the Position Inventory but the FTE and associated salary and benefits will be changed to zero. If a decision is made to search for that position in the future, funding can be transferred from the Temp pool and/or division level as required for the new hire.

The vacant rate will be established each year at the division level (see Vacant Rate section below).

In the year following notification of intent to retire to FERP status and upon acceptance of the FERP appointment by the faculty member, the following actions will be taken by the Office of Budget & Institutional Data:

1. Half of the position (.50 timebase) will be retained in the Position Inventory at the FERP salary and will be moved to the FERP multi-headcount position in the department.
2. The remaining .50 timebase will be funded at half of the vacant rate and an average benefits amount and will be moved to the Temp pool at the college level.
3. The remainder of the salary and benefits will be held at the division level for reallocation.
4. The Provost will fund the amount required for lump out.

Actions numbers 1 through 3 above will also be reflected in the position inventory for the on-going base budget at the end of the first year after the faculty member enters FERP status.

Faculty position recruitments are authorized by the Provost through an established process that includes identification of budget for salaries and benefits.

When a permanent staff member, administrator, or Librarian retires or resigns, the college or major unit will reexamine its priorities before refilling the position. If it is determined that the position should be retained, the position will remain in the Position Inventory at the current salary and benefits. If the position is not retained, the salary and benefits will be moved to the division level for reallocation for the next base year. Refilling a position will require approval of the Dean/Director and approval of the Provost.

Permanent employees who are on temporary assignments will have their permanent positions retained in the Position Inventory at their salary and benefit level.

### ***Vacant Rate***

The vacant rate is the average Lecturer full-time salary and benefits rate for the three colleges. It will be reestablished each year in March by the Office of Budget & Institutional Data based on the average Lecturer salary and benefits rate of the most recent fall term.

### **New Faculty Recruitment Authorizations**

Permanent base funding must be identified before going forward with any tenure-track faculty recruitments. This funding may be available because of faculty retirements/separations or because of budget augmentation.

### ***Faculty Startup and Other One-Time Funding***

One-time funds are needed to conduct searches and to provide modest startup packages for new faculty. Typically standard search costs and startup packages are funded at the college or major unit level. Once a reserve is established, funding needed beyond the standard costs may be requested from the Provost's reserve as part of the annual budget process.

Dean level searches are funded by the Provost. Other search and/or moving costs for MPP and staff positions are funded at the college or major unit level. Funding needed beyond standard search costs for MPP and staff positions, may be requested from the Provost's reserve through the annual budget process.

### **Operating Expense Funding**

Units and programs need to be budgeted with adequate funding for an operating expense budget. Money must be set aside in the budget to provide course materials, office supplies, appropriate technology, travel funding, and library materials.

### **Instructional Equipment and Classroom Upgrades**

Funding for instructional equipment and classroom upgrades is essential to any university and must be considered as part of the budget process.

### **Contingency Reserve**

The Provost must responsibly plan for unforeseen funding requirements and initiatives. The current contingency is \$150,000 and is budgeted at the Provost's level in the Centrally Managed Commitments (CMC). The Provost has a goal of building a reserve of \$500,000 (1%) as a planning buffer for unforeseen costs, and to be used as one-time and seed funding in areas of opportunity.

Any new base budget funds coming to Academic Affairs through increases in enrollment funding or other augmentations should reside with the Provost for the first year, and may be allocated on a permanent basis through the annual budget process in the second or subsequent years as areas of greatest need are identified by the divisional budget process.

### **Unexpended Year-End Budget Balances (Roll Forward)**

In any given year unexpected cost savings will occur. The policy for use of these funds should encourage careful planning and discourage unnecessary spending. Therefore colleges or major units in Academic Affairs can expect to roll forward their unexpended salary and OE balances into the next fiscal year provided that they submit for the Provost's approval a description of the source and amount of funds and a detailed plan for their use.

Unidentified and/or unencumbered year-end balances and all benefit savings will be pooled at the division level for reallocation by the Provost for the highest priority needs in the Division.

If a college or major unit over-expends its current year budget, the deficit must be covered from divisional funds at fiscal close, but the college or major unit's budget will be reduced by that amount in the next fiscal year.

## **Lottery Funds**

Lottery revenue is distributed by the CSU system to HSU annually. Lottery revenue is budgeted in trust funds for expenditure on instructionally-related items. Lottery funds have traditionally been budgeted to the Provost for redistribution to the campus. The amount is subject to change, depending on actual revenues from the State Lottery. See [http://www.calstate.edu/budget/1998\\_99BudIndex/98\\_99\\_LottInfo/9899LottBud/GenGuide.shtml](http://www.calstate.edu/budget/1998_99BudIndex/98_99_LottInfo/9899LottBud/GenGuide.shtml) for further clarification of lottery expenditure guidelines.

Lottery funds will be allocated on an annual basis as part of the Academic Affairs budget process, contingent on the recommendation of the Provost's Council and the approval of the Provost. Typically these funds are allocated on an historical basis; however the Provost, in consultation with the Provost's Council and the Vice President for Student Affairs, may choose to allocate a portion of these funds to meet existing conditions.

Any unrestricted Lottery funds that are unencumbered on April 1 will be gathered up each year and transferred to a central account in the appropriate division of Academic Affairs and/or Student Affairs for spending on division-wide priorities as determined by the appropriate Vice President. Any Lottery programs with restricted funds, such as the California Pre-Doctoral Program and the Teacher Recruitment Project, must spend their funds to zero before June 30<sup>th</sup> each year.

Any Lottery shortfalls will roll forward to the next fiscal year to the major budget unit level, i.e., College of Arts, Humanities, & Social Sciences, College of Natural Resources & Sciences, College of Professional Studies, Information Technology Services, Library, Marine Science Facilities, Office of Academic Affairs, Office of Research & Graduate Studies (Pre-Doctoral Program), Office of Enrollment Management, EOP (Access & Academic Development), Financial Aid (Future Scholars), Student Life (HOP), Associate Dean of Professional Studies (Teacher Recruitment).

Effective Date: July 1, 2008

## **Addendum to Academic Affairs Divisional Budget Policy on Lottery Funds**

### **Historical Notes of Interest on Lottery**

• Using 2007/08 as a baseline for historical purposes, Lottery funds have been allocated as follows:

\$28,900	(3.41%)	CSU Scholarship Program for Future Scholars (Student Affairs)
\$63,779	(7.53%)	Access and Academic Development Program (Student Affairs)
\$28,270	(3.34%)	Office of Enrollment Management (Student Affairs)
\$12,000	(1.42%)	Humboldt Orientation Program (Student Affairs)
\$72,240	(8.53%)	Teacher Recruitment Program (Academic Affairs)
\$5,000	(.59%)	California Pre-Doctoral Program (Academic Affairs)
\$86,201	(10.18%)	Office of Academic Affairs (Academic Affairs)
\$94,450	(11.15%)	College of Arts, Humanities & Social Sciences (Academic Affairs)
\$94,450	(11.15%)	College of Natural Resources & Sciences (Academic Affairs)
\$47,220	(5.47%)	College of Professional Studies (Academic Affairs)
\$37,900	(4.47%)	Information Technology Services (Academic Affairs)
\$262,450	(30.99%)	Library (Academic Affairs)
\$14,140	(1.67%)	Marine Science Facilities (Academic Affairs)

\$847,000 (100.00%) Total

• In the past the Library has traded part of its general fund allocation for Lottery funds and this allocation should be honored/considered in future allocation schemes.

## **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 1<sup>st</sup> 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 1<sup>st</sup> each year.

## **STUDENT AFFAIRS**

### **Divisional Budget Policy Addendum**

#### **Divisional Annual Budget Process**

The Student Affairs division has developed a budget process mirroring the University budget process regarding State General Funds.

The Vice President meets regularly with the Student Affairs Directors, forming a team that develops divisional mission, values and annual goals. The Directors will consult with the staff and departments requesting input and feedback to the drafted divisional goals and objectives. With the feedback from the staff and departments, the goals will be modified and finalized by the team of Directors and VPSA. Divisional budgetary priorities will be established in support of the annual divisional goals and departmental objectives. The Student Affairs division will make public a listing of annual goals and objectives, including any requests or modifications for funding.

#### **Base Budgeted Position Salary and Benefit Funding**

##### ***Annual Salary and Benefit Costs***

Assuming that the University appropriately and sufficiently transfers personnel expenses and benefit funds, the Student Affairs division will then manage 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 benefit 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 Director through the Vice President to secure appropriate approval for funding prior to the hiring process.

A cost center may be asked by the Director and/or Vice President to self-fund all or part of the salary and benefit costs associated with their augmentation request.

##### ***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 VPSA office. A Director through the goal setting and prioritization process can request access to salary and benefit savings for goal achievement, the good of the program, new initiative or extra-ordinary need. The request will be reviewed by the team of Directors, with final approval resting with the VPSA.

The purpose of recapturing the salary and benefit savings is to create a contingency addressing increase in salary and benefit costs, budget reductions, new hires and new initiatives. Approved changes to personnel and budgeted position salary/ benefit funding caused by employee turnover or the need for a new or modified position shall be funded from the divisional funding pool.

### **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 the divisional; major budget unit within a division; cost center 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/ cost center to secure appropriate approval for funding prior to the hiring process.

The Vice President may ask the department/cost center to self-fund all or part of the salary and benefit costs associated with their augmentation request. However, the department/cost center will be notified in advance of the implementation timeline of their responsibility to self-fund an augmentation.

### ***Current Year Salary and Benefit Savings***

The departments/cost centers will return annual salary and benefit savings associated with base budgeted positions to the SA Divisional funding pool. 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 faculty, staff, or administrators to backfill duties until permanent replacement can be recruited or to fund one-time salary augmentations.

A Director may provide a written request 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 two (2%) percent as a planning buffer for a margin of uncertainty. This goal must be a high, long-term priority for the division. In the short-term, the pool may largely be created from one-time roll forward funds.

### **Unexpended Year End Budget Balances**

The division will create a contingency reserve by collecting non-restricted unallocated funds, fund balances, salary savings, and a percent of roll forward balances. The dollar and percent amounts will be discussed with the Directors who will advise and recommend to the VPSA.

## **University Advancement Division Divisional Budget Policy Addendum**

### **Divisional Annual Budget Process**

The University Advancement division has developed a budget process to mirror the University budget process. Initially, the Vice President will meet with the unit heads of each major unit within the division to review the university mission and the divisional goals for the coming year. Unit heads are then requested to meet with their staff to convey the divisional priorities and gather additional input. Unit heads will meet with employees in their cost center to discuss the divisional goals and provide additional input. Throughout the whole annual budget process, there is communication and dialog back and forth to ultimately identify divisional priorities and funding requests. The Vice President will prioritize 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 pool will fund the annual salary and benefit costs associated with 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 pool, it is the responsibility of unit head to secure approval for funding from the vice president, in writing, prior to the implementation of any salary augmentation.

Occasionally, the vice president may ask a unit head to fund the base salary and benefit augmentation request from their cost center. However, the unit head will be notified in advance of the implementation timeline of their responsibility to self-fund an augmentation.

#### ***Annual Salary and Benefit Savings***

Salary and benefit costs are the largest piece of our annual divisional budget and it is important for the division to carefully manage these funds. Position savings would typically accrue during employee turnover, retirements, or reduction in term of appointment for the position. The division will capture the position savings to the central divisional pool. The purpose of recapturing the salary and benefit savings is to use this savings to fund the increases in salary and benefit costs as described above in *Annual Salary and Benefit Costs*

### **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 the division 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. The annual base cost of the position remains the full annual cost for salaries and benefits in the following year.

***Current Year Salary and Benefit Costs***

The divisional funding pool will cover the current year salary and benefit costs associated with 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 costs are needed, it is the responsibility of the unit head to secure appropriate approval for funding from the vice president, in writing, prior to the implementation of any salary augmentations.

Occasionally, the vice president may ask a unit head to fund the current year salary and benefit augmentation request from their cost center. However, the unit head will be notified in advance of the implementation timeline of their responsibility to self-fund an augmentation.

***Current Year Salary and Benefit Savings***

The vice president has a responsibility to use funding in the most effective way to reach divisional goals. Position savings would typically accrue during employee turnover, retirements, or reduction in term of appointment for the position. In the current year, the division will recover salary and benefit savings to the central divisional pool. The primary purpose of recapturing the current year salary and benefit savings is to use this savings to fund temporary or part-time replacement faculty, staff, or administrators to backfill duties until permanent replacement can be recruited or to fund one-time salary augmentations, such as rural health care stipends.

A unit head may provide a written request for use of these funds for current year initiatives.

**Contingency Reserve**

The vice president 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 at least \$100,000 as a planning buffer for a margin of uncertainty. This goal must be a high, long-term priority for the division. In the short-term, the pool may largely be created from one-time roll forward funds.

**Unexpended Year End Budget Balances**

The vice president has a responsibility to manage divisional funds to most effectively and efficiently meet the goals of the division and the institution. Funding for the division is most effectively managed and leveraged when pooled at the divisional level rather than left in small pieces at the cost center level. Therefore, the vice president will recover unexpended year end balances (roll forward) centrally and will work with unit heads to spend these funds on divisional priorities. Unit heads are encouraged to submit creative proposals for use of these one-time funds to the vice president.

## **All University Budgets (General University Costs)**

### **All University Annual Budget Process**

The All University budgets will be reviewed by the University Executive Committee to make sure that the funding set aside is the appropriate level for general university costs. This review will be part of the annual budget process.

Further, the one-time initiatives funded through the University Reserve, for the most recently completed year, will be reported to the University Budget Committee annually during the annual budget process.

### **Base Budget Funding**

#### ***Annual Costs***

The All University costs increases will be funded during the annual budget process as mandatory obligations from the general funds available.

#### ***Annual Savings***

Annual savings from budget initiatives with reduced annual costs will become part of the general funds available for distribution in the subsequent year's annual budget process.

### **University Contingency Reserve**

The President and the University Executive Committee will authorize expenditures from the University Reserve. These expenditures will be reported annually to the University Budget Committee.

### **Unexpended Year End Budget Balances**

The unexpended year end budget balances from restricted funds such as State University Grant, mandatory computer paper, and EOP will roll forward to the same account and shall be used for their intended purpose.

Other unexpended year end budget balances from unrestricted accounts in All University will roll to the University Reserve.

July 1, 2004