

BUDG-0001 Operating Budgets

	<p>Policy identification number: BUDG-0001</p> <p>File: Business & Finance Policies > Budget Policies</p> <p>Operating Budgets</p> <p>Policy Summary</p> <p><i>This policy establishes responsibilities for developing and approving the College operating budgets.</i></p>
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<p>Policy Owner</p> <p>Vice President, Finance and Administration</p>	<p>Approval Date</p> <p>March 2020</p>	<p>Effective Date</p> <p>March 2020</p>
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I. Policy Statement

Fort Lewis College budgets are developed as a logical extension of the institution's planning process to support the mission of the College. This policy is to be applied in conjunction with the Board of Trustees for Fort Lewis College (BOT) budget policies to provide a budgetary framework for the operation of Fort Lewis College including the Education and General (General Fund) Fund Budget and Auxiliary Fund Budgets.

II. Authority for Budget Development and Modification

The Board of Trustees is responsible for approving the annual operating budget of the College. The Board annually approves the original operating budget in May - June prior to the beginning of the fiscal year (July 1-June 30). The Business Affairs Committee of the Board of Trustees is the Board committee with oversight of the operating budget. The Business Affairs Committee submits the budget to the full Board for approval as noted above through an endorsement.

The President is responsible for submitting a balanced budget to the Board of Trustees for approval. The President charges the Vice President's council and Budget Advisory Committee with reviewing budget assumptions and requests for new funding. The Budget Advisory

Committee is a standing committee of the College with responsibility for understanding the budget environment and reviewing and ranking funding proposals according to alignment with the strategic plan. The committee is co-chaired by the Provost and the Associate Vice President for Finance and Administration. Members include, a Vice President representative, a Dean representative, two faculty, two staff and two students.

The Budget Office, led by the Associate Vice President for Finance, is responsible for all day-to-day budget operations of the College and for ensuring that a system of sound budget controls is in place.

III. Strategic and Tactical Budgets

The College will maintain a strategic budget model which forecasts four (4) years into the future. This model will address all significant revenue and expense categories. For example, General Fund revenue categories addressed in the model include: tuition and fees, and State funding. Expense categories include: salaries, fringe benefits, program expenses, utilities, and financial aid. The purpose of the strategic budget model is to ensure the long-term budget aligns with the strategic plan of the College (thus, the budget model addresses specific strategic plan initiatives which impact the budget during the forecast period). Additionally, the strategic budget model requires the College to fairly consider its budget assumptions, so as to maintain a balanced budget, not just in the upcoming budget year, but over a four-year look-out period.

The College's one-year (tactical) budget is approved in advance of the beginning of the fiscal year by the Board of Trustees. The one-year budget is normally derived from the strategic budget assumptions. This budget is presented as a balanced budget, with revenues equal to expenditures. The Board of Trustees requires a reserve line equal to 2% of the total tuition and fees and state funding included in the General Fund budget.

IV. Financial Responsibility

Funds may not be in a deficit position at the end of the fiscal year. The appropriate Vice President/President has responsibility to ensure that all funds within their control end the year without a deficit. Cost center managers, below the Vice-President/President level, are responsible for managing all budget items, except personnel costs, in a manner which will ensure that a deficit does not exist at the end of a fiscal year (June 30).

The Vice President/President has authority over all personnel budgets within their major functional area. Vacant positions cannot be filled without the appropriate Vice President/President approval.

The Budget Office provides access to financial information for each cost center showing budget allocation, revenue, expenditures and encumbrances to date. The Budget Office monitors all budgets on a continuing basis and notifies cost centers and the appropriate administrators of unusual variances.

V. Budget Adjustments

All budgets must be maintained in a balanced manner throughout the fiscal year. Budget adjustments can be in the form of revised budgets, transfers between departments/funds or adjustments within a department.

Revised Budgets

Revised budgets are accomplished annually after spring census through working with the Budget Office. All revenue accounts for the General Fund and revenue and expenditure accounts for Auxiliary funds are reviewed and adjusted as needed, providing the overall budget stays within balance. The President and Vice Presidents will be consulted regarding any substantial General Fund revenue changes that would require the ability to allocate additional funds mid-year or require mid-year budget reductions.

Inter-Departmental Adjustments

Adjustments from one department/division to another require the authorization of the Cost Center Manager of the department from which the funds are being removed. If the request includes the use of personnel expense, the appropriate Vice President/President's authorization is needed.

Intra-Departmental Adjustments

Cost Center Directors may adjust program expense budget lines within a single department by communicating the request to the Budget Office via Budget Change Request. If the request includes the use of personnel expense, the appropriate Vice President/President's authorization is needed. If the request includes only Other Current Expenditure (OCE) accounts, no additional authorization is needed.

VI. Roll Forward

The College retains funds which are not spent in one fiscal year. These funds are "rolled forward" into the next fiscal year and added to the available revenue in that year. Roll forward is evaluated and entered during the month of September.

The General Fund is partitioned into major functional units, which include: President, Academic Affairs, Student Affairs, Finance & Administration, Institutional Advancement and Institutional. Each major functional unit shall be provided with a base budget (personnel and OCE).

To provide an incentive for the management of operational resources, the President may allow major units to retain the budget surplus which is accumulated in one year. This surplus will be added to the budget in the next fiscal year. This addition does not change the base budget available for subsequent fiscal years. Whether major units will be allowed to retain budget

surpluses (in whole or part) will be determined by the President, in consultation with the Vice Presidents.

VII. Salary Savings

Salary savings result from the salary budgeted for any given position decreasing on an ongoing basis. Salary savings can be caused by a person resigning their position and the College filling the position with a new person at a lower salary than the person resigning, the elimination of a position not required by a budget reduction process or through a reorganization of personnel in a department/division.

All salary savings from faculty and exempt positions will remain within the major functional unit. Salary savings from classified positions will revert to the General Fund, unless a departmental restructuring that benefits the College is approved. Salary savings may be used within the major unit at the discretion of the major unit manager.

VIII. Reserves

The institutional General Fund general reserve shall be set at two percent of State funding and estimated tuition revenue. Use of the Institutional General Reserve is determined by the President.

IX. Accounting for Revenue and Expenditures

Revenues and expenditures should be charged to the correct account number based upon an objective determination of the transaction without regard to available budget balances.

X. Reason for Policy

To establish the guidelines related to developing and approving College operating budgets.

XI. Responsibilities

For following the policy: *All cost center directors*

For enforcement of the policy: *Associate Vice President for Finance & Administration*

For oversight of the policy: *Associate Vice President for Finance & Administration*

For notification of policy: *Policy Librarian*

For procedures implementing the policy: *Associate Vice President for Finance & Administration*

XII. Definitions

Cost Center: Departmental unit

Major functional unit: Represents all departments under a Vice President or the President

Personnel costs: Salary and related benefits expense for all budgeted positions