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1. Introduction

These guidelines are provided to assist in the management of annual budget and expenditures in Academic Affairs. Associate Vice Presidents (AVPs), unit administrators, and chairs are delegated authority for expenditures within their unit budgets and are responsible to keep expenditures within the limitations of the budgets available to them from all sources of funds.

2. Budget Development – Past and Future

During the development of the 2009-10, 2010-11, and 2011-12 budgets (due in large part to the state financial crisis), Academic Affairs followed modified budget processes.

During these three years, the Provost reviewed the budget situation with the Academic Senate’s Fiscal Policies Committee (FPC) and requested their collective input in the form of budget recommendations. In 2011-12, the Provost also requested recommendations on operating reductions.

The 2011-12 implemented the Academic Affairs reorganization and made the following changes. All open tenure track positions were moved to a division pool. Temporary faculty base budgets were increased to accommodate 3,250 FTE students, and this was based on FTES projections and student-faculty ratio targets in each AVP area. (Non-recurring funds were used to supplement temporary faculty budgets during the fiscal year to support up to 3,450 FTES). Some reductions were taken in administrative and support positions. In addition, operating (non-position) budgets were reduced by 10% overall; cuts were recommended by the FPC and applied by the AVPs.

The 2012-13 division budget was again impacted by the state budget shortfall. Academic Affairs benefitted by a creative solution, approved by the Chancellor’s Office, that allowed CI to budget student tuition beyond our official FTES target without penalty. This provided funding for new tenure track faculty hires, temporary faculty to cover sections, and limited increases in staffing and operations. Allocations were calculated based on FTES and SFR projections and provided to each AVP to budget within their areas. A portion of the division’s allocation is considered one-time in nature, pending outcome of the state tax initiative on the November 2012 ballot.
In prior budget processes, special formats were used for program and unit budget submissions so that there was common data and format for review and decision-making within the context of available funding. Future processes likely will include standardized methods for budget requests, and these will be handled through the Associate Vice Presidents.

3. Organizational Responsibilities

All budgetary matters follow the AVP organizational structure of the Academic Affairs division. All general operating and grants project accounts (on the state side) are subject to State, CSU, and CI policies, processes, and procedures. Foundation funds are subject to separate policies, and budget was entered for each of these funds by AVP budget staff for the first time for 2012-13.

Expenditures should comply with current University accounting policies and procedures, and processing should follow the current signature delegation and Approval and Processing Flow for Academic Affairs. All policies and procedures (including procurement, pro-card, travel, and hospitality) can be found on the University’s website.

Budget authority is delegated to AVPs, unit administrators, and chairs who are responsible for the following in their respective areas:

a. To develop and present plans for the effective use of resources available to them;

b. To operate within approved budget allocations;

c. To ensure that expenditures are consistent with established objectives and strategic initiatives; and

d. To realize estimated revenue or to adjust expenditures in order not to exceed revenue available.

e. To meet FTE student targets and projected student-faculty ratios, as applicable.

4. Budget Allocations and Uses

a. General operating account budgets are allocated for salaries, benefits, and operations expenditures. As a division, budgets are
reviewed on the bottom line; however units should distribute budget for planning purposes within these three major expenditure areas.

b. Budget transfers are used to move budget to the appropriate account code (e.g. supplies and services); and these may be processed prior to making expenditures. Budget transfers are processed by budget staff in each AVP area or in Academic Resources for units in the Provost’s area.

c. Salary Savings

i. *Anticipated* salary savings from new and open staff and faculty positions are used as a pool, and are included in the division’s non-recurring plan.

ii. *Unexpected* salary savings in student wages, consultants, staff, and faculty positions may be used for other purposes with approval of the respective AVP.

iii. Sabbatical leaves for faculty are charged to an account outside of the academic program base; use of salary savings is under the purview of the AVP in concert with the program chair.

iv. Salary savings due to reimbursed time from external funding (grants and contracts) is discussed in section 7c.

d. Faculty Travel

Travel associated with faculty academic initiatives is budgeted in each program area. Faculty travel associated with administrative and CSU functions is budgeted in the respective AVP offices. Travel authorizations and reimbursements are managed by the respective AVP offices.

5. **Budget Changes**

Changes within a unit budget or between unit budgets are handled by budget transfer as non-recurring changes. Recurring changes are input during the budget process for the new year. Chairs and unit administrators process these changes through the respective AVP offices. Budget transfers are required when moving budget between and among units (academic programs, administrative units, and AVP areas) and divisions.
6. Other Allocations and General Fund Accounts

Allocations come into University accounts from both internal and external sources. External sources include one-time allocations from the CSU, reimbursements, grants and contracts (see next section – item 7), and the Foundation. Internal sources include specified faculty assigned time, internal faculty awards, Campus Partners income from Extended University, and indirect revenue from grant expenditures.

a. System-wide Allocation Transfers (or one-time general fund allocations) are sometimes provided by the Chancellor’s Office or elsewhere in the CSU. Chairs and unit administrators should keep the respective AVP offices and Academic Resources informed of anticipated allocation orders so that appropriate accounting strings may be provided to the University Budget Office. Allocation orders (known as CPO’s or cash posting order) are posted directly to the regular operating budget, and expenditures are handled there as well. If the allocation is large, a separate department code can be created on request for tracking and reporting purposes.

b. Other reimbursements are generated by a number of external sources and vendors by check. These checks are deposited as revenue using the deposit request form (available on the Accounting website). Reimbursements are posted against an expenditure account code in the PeopleSoft department where the expenditure was made.

c. Faculty assigned time is handled in one of two ways. Budget may be transferred to the faculty member’s unit or the actual salary expenditures may be charged directly to another operating account.

   i. Transferring budget to a faculty member’s unit occurs for internal transactions and the average temporary faculty rate is used. This gives the unit funding to cover the course (or section) the faculty member would have taught. Transfers are made between accounts within fund group GD901. Budget transfers are processed through the respective AVP offices.

   ii. Charging salary to another account and/or fund leaves salary savings within the faculty member’s unit to fund temporary faculty to cover the course (or section) the faculty member would have taught. An employee requisition form is used to distribute salary among accounts (examples of other internal fund groups include TH920 and Q0000). Faculty
requisitions are processed through the respective AVP offices.

The internal faculty assigned time rate is based on average temporary faculty rates for the prior year’s fall semester. These rates are updated annually and posted on the Academic Resources website. All faculty workload (including assigned time, instruction, and other) is awarded in compliance with the University’s overload policy.

d. Internal Faculty Awards

Funding is available on a competitive basis for faculty awards – such as faculty development grants (fund group GD901) and the President’s Summer Fellows program (fund group GD901). When grants are awarded, budget is moved (in GD901 allocations) to academic department accounts and fiscal year end deadlines apply for all of these awards. All activities and purchases must occur and/or be delivered prior to these deadlines, except in such cases as a summer fellow award where funding may be split between fiscal years and begin early in the old year. Information about internal grants awarded to faculty is provided to chairs and faculty support coordinators.

e. Campus Partner Program Allocations (TH920)

Campus Partners income (formerly known as CERF), which is a share of Extended University revenue from degree programs and courses offered through Extended University, Open University, and summer session courses, is used by academic programs to augment their general operating funds.

This income is now posted to TH920, and as a non-operating trust fund, balances roll forward. Beginning in 2012-13, there is no longer a need to defer income from one semester to the next. All prior deferred balances will post to this fund by department code effective in July 2012. While TH920 balances roll, care should be taken to insure that balances are reasonable. If 100% or more of a given year’s accrued income rolls forward into the next year, the AVP will provide a spending plan to the Provost. Balance projections will be discussed at the third quarter financial review.
f. **Indirect Cost Recovery (Q0000)**

Some of the income the University receives from indirect cost recovery is reserved for the unit managing the grant or contract (currently 20% of the overhead received). A unit’s allocation is applied as follows: half to the principal investigator (or PI) and half to the program chair or unit administrator.

The income is now posted to Q0000. As expenditures are made in each grant, IDC is calculated, posted monthly to this new fund and immediately available for spending. Because these balances carry forward, there is no longer a need to defer income from one year to the next. All prior deferred balances will post to this fund by department code effective in July 2012.

While Q0000 balances roll, care should be taken to insure that balances are reasonable. If 100% or more of a given year’s accrued income rolls forward into the next year, the AVP will provide a spending plan to the Provost. Balance projections will be discussed at the third quarter financial review.

g. **Administrative Retreat**

When a division-level administrator exercises retreat rights, there is often no tenure track faculty position budgeted in the affected academic program area to accommodate this. When this occurs, budget may be provided by the division. The budget allocated may be on a recurring or non-recurring basis, depending on the situation, and may be less than the actual salary to be offset by existing temporary faculty budget (based on the course load in the program). Funding for administrative retreats is handled during the division budget process with the affected AVP area.

7. **Non General Fund Accounts**

a. All grants and contracts are processed (pre-award) through the staff in Research and Sponsored Programs (RSP). After the University has received confirmation of funding and a project budget is finalized, the University Budget Office assigns a project code and accounting string(s). Expenditures are not made until an accounting string is available. Academic Resources provides expenditure processing assistance to faculty principal investigators (PI’s) for those grants that do not have support staff as a line item. All expenditures are approved by the PI and are processed.
according to the current Academic Affairs Approval and Processing Flow.

New policies, processes, and procedures are in process during 2012-13. The RSP Work Group is developing specified policies; and Academic Resources is working with the grant analyst group and Finance and Administration to identify procedures and refine processes.

b. **Foundation funding** may be awarded from external, private gifts, and Foundation funds for specific purposes. All expenditures are processed through the Foundation. Payroll expenditures are processed using a specified state-side project account (fund ZZ010) which then charges the Foundation for reimbursement.

Budgets were developed for 2012-13 for the first time. Expenditures should be reconciled by Academic Affairs staff using reports and drill-down detail provided by Foundation staff.

c. **When faculty time** is funded (or reimbursed) by a grant or contract, actual salary expenditures are charged to the project account.

Salary savings within the academic program’s general operating account are used to fund temporary faculty to cover the faculty member’s course. Faculty requisitions for this reimbursed time are processed through the respective AVP offices.

The external rate is actual salary cost (including benefits) for the portion of faculty time funded by the grant, and this is often more than is required to cover the course (or section) that the faculty member would have taught. The difference is salary savings that may be used by the AVP for a variety of purposes if the grant is an individual grant. In the case of institutional (capacity-building) grants, use of salary savings is determined by the Provost (in consultation with the respective AVP) during the pre-award process.

All faculty workload (including instruction, assigned time, reimbursed time, and additional work) is awarded in compliance with the University’s overload policy.

8. **Budget Evaluation**
Budget evaluation is the assessment of the achievement of mission-related goals and the effective use of resources available to chairs and unit administrators. Achievement of mission-related goals is reviewed by chairs and unit administrators in concert with the respective AVP.

The Provost meets with the Vice President for Finance and Administration on a quarterly basis to review division expenditures against budget. The Associate and Assistant Provost confer with each AVPs about expenditures on a quarterly basis as well, and also review FTES production and student-faculty ratios. AVPs, unit administrators, and chairs should monitor production and expenditures and be available to respond to questions as necessary.

9. Fund Balance

Due to the State of California’s current financial crisis, balances remaining in a division’s general fund accounts at year-end are held by the university to mitigate the impact of budget reductions and preserve campus flexibility. Prior to the most recent state budget downturn, it was the policy of the university to return 75 to 90% of division balances. The Academic Affairs division has a fund balance process that provides a framework for the Provost to make allocations within the division. The fund balance process can be found on the Academic Resources website.

Definitions

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<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>AVP</td>
<td>Associate Vice President in the Academic Affairs division</td>
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<tr>
<td>CERF</td>
<td>Continuing Education Revolving Fund, the portion of Extended University income shared with Academic Affairs units</td>
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<td>CO</td>
<td>Chancellor’s Office of the California State University 23 campus system</td>
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<td>CSU</td>
<td>The California State University 23 campus system</td>
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<td>FPC</td>
<td>The Academic Senate’s Fiscal Policies Committee</td>
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<td>FTES</td>
<td>Full time equivalent student, based on student credit hours</td>
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<tr>
<td>IDC</td>
<td>Indirect cost recovery from external grants and contracts, also known as overhead, shared with Academic Affairs units</td>
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<td>ORSP</td>
<td>The Office of Research and Sponsored Projects, the unit that assists in the pre-award process</td>
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<td>PFRF</td>
<td>The Provost Faculty Resource Fund, an internal funding opportunity for faculty members’ equipment and operational requests</td>
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<td>PI</td>
<td>Principal investigator on a grant or contract, a faculty or staff member who has received and manages an externally funded project</td>
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