

MONTCLAIR STATE UNIVERSITY

**Office of
Budget and Planning**

**Budget
Policies
and
Procedures
Manual**

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Budget Policies and Procedures Manual

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INTRODUCTION

This policy and procedures manual describes the general guidelines for budgeting and the budget process at Montclair State University. Included are the University's policies governing the preparation, approval and implementation of operating and capital budgets, as well as the policies defining the role of the University Budget Office and other divisions and departments that participate in the budgetary process. These policies and procedures apply to all University divisions, departments and activities.

The Montclair State University budget expresses, in terms of dollars, the funded programs and plans of the University for the budget year and the estimated income (by sources) necessary to finance these programs and plans. The budget is the primary instrument of fiscal control and, accordingly, contains all income and expenditures of the University. The University's strategic plan, which incorporates the enhancement and expansion of the physical, programmatic and administrative capacities of the institution, provides the framework for the annual budget process. Departments are responsible for identifying resources needed to achieve the goals set forth in both departmental as well as University strategic plans.

The University Budget Office assigns a budget staff representative to assist every division on budgetary matters. The Budget Office liaison is available to answer questions, record transfers, provide assistance with the annual budget submission, and work closely with the department toward their financial goals. A listing of staff contacts and the departments they are assigned to can be found in the Appendix, page 33, as well as on the Budget website at <http://www.montclair.edu/pages/vpbp/budget/index.htm>.

The University Budget Office has strived for accuracy in the policies and procedures manual. If you discover any errors or have any suggestions for improvements, please contact the Budget Office at (973) 655-7428 or e-mail us at budget@mail.montclair.edu.

Preparation and Approval of University Budgets

The Office of Budget and Planning is responsible for the development and monitoring of the University's annual operating budgets. The Office of Budget and Planning reports to the President.

The Budget Office prepares the annual budget submission to the State of New Jersey; fulfills internal and external budgeting reporting requirements; processes budget transfers and funding requests for new programs and new initiatives; reviews and monitors capital budget requests; provides financial analyses for departments and the University; and ensures that the University's budget is linked to the strategic plan.

Montclair State University receives more than half of its total support from student tuition and fees. Other sources of funds include state appropriations, private gifts and grants and miscellaneous sources. In accordance with New Jersey statute, the Board of Trustees, the governing body of Montclair State University, has general supervision over the University and its budget. The Board's responsibilities include

establishing tuition and fees and disbursing “all monies appropriated to the University and all monies received from tuition, fees, auxiliary services and other sources.”

Budget Formulation Process

The budget development process, driven by the budget development calendar (see Appendix, page 34) begins shortly after the start of the fiscal year (July 1st). The Budget Office, which is responsible for developing projections of expenditures and revenues, prepares a request for appropriations to the State of New Jersey every October. The State will often set the parameters for anticipated expenditure growth as well as other budgetary assumptions. Enrollment projections and goals stated in the strategic plan are important factors in the development of projections. In addition, information is gathered from studying contemporary trends in higher education, the national and local economy as well as demographics and their impact on the University.

Budget requests from each public state college and university are reviewed by the State Office of Management of Budget, and an annual budget is submitted by the Governor to the State Legislature in January. The University Budget Office initiates a budget call in the third quarter of each fiscal year. At this time, departments begin to develop their fiscal year budget proposals. Following a review of the submissions by the Budget Office, budget hearings are held with the President, and then preliminary budget allocations are made. Final budget adjustments are based on the appropriations approved by the State, and the operating budget is then presented to the University’s Board of Trustees.

The budget is structured and controlled through the automated Financial Reporting System (FRS). Departments are responsible for not exceeding their budgeted allocations, and over-or-under expenditures from the budget trigger review processes that ensure close adherence to the University’s resource plan.

At the close of the fiscal year (June 30th), the University is subject to an accounting and financial audit by an external certified public accounting firm. The results of the annual audit are presented to the Board of Trustees. In addition to the audit, the Budget Office conducts a review of individual unit budgets, and the results are incorporated into the planning process for future fiscal years.

STATE BUDGET SUBMISSION

The Budget Office has primary responsibility for preparing the annual budget request and submitting it to the State of New Jersey. The State budget submission is an opportunity for the University to not only provide details of the appropriation request for the next fiscal year but to list the major accomplishments of the University in the current fiscal year and anticipated changes in the coming years ahead.

Preparation for the budget request begins in August and the budget is submitted to the State in October or November. Following a review by the State Office of Management and Budget, the Governor presents the proposed State budget to the State Legislature in January. The State Legislature approves the State budget, including the appropriation for higher education, prior to the beginning of the fiscal year.

The budget request includes actual results from the prior year, revised budgets for the current fiscal year and projections for the next fiscal year. The submission also includes the following requirements:

- President's Overview, which highlights important details of the request and indicates how the request furthers the institution's mission including key accomplishments and major changes;
- Financial Summary, which summarizes revenues, expenditures and transfers;
- Organization Charts;
- Tuition and Fee Projections;
- Programmatic Information, such as enrollment and expenditure data; and
- Salary Information.

BUDGET ACCOUNTS STRUCTURE

Montclair State University conforms to the GASB (Governmental Accounting Standards Board) guidelines of generally accepted accounting principles and practices, as well as applicable FASB (Financial Accounting Standards Board) principles and practices. In 2002, the University adopted four pronouncements of the Governmental Accounting Standards Board, which require financial statements to focus on the financial condition of the University, the results of operations and cash flows of the University as a whole.

For internal purposes, the principles of fund accounting are being utilized. Fund accounting is the method of classifying resources into categories according to the purpose of use. Each fund is self-balancing and has separate assets, liabilities and a fund balance. The fund groups currently being utilized by the University are a Current Fund, Loan Fund and Plant Fund.

Current Funds

Current funds are revenues generated by University operations and the related expenditures from performing the primary objectives of the institution. These will be used for such purposes as general operations, support of instruction, research, public service and auxiliary enterprises.

Current funds are classified as being either unrestricted or restricted. Unrestricted funds are those accounts which do not have external restrictions with regard to their use, and are for general operations of the University. Fund balances of unrestricted current funds are classified on a statement of financial position as unrestricted net assets. Restricted funds are from external sources, such as donors or external granting agencies, and are restricted for specific purposes. Fund balances of restricted current funds represent net assets held for specified operating activities that have not yet been used and are classified on the statement of financial position as temporarily restricted net assets.

Loan Funds

Loan funds are maintained separately to manage the accounting for student loans. These awards may result either from selection by the institution or from an entitlement program. Fund balances of loan funds represent net assets available for lending. The portion of the fund balances representing net assets temporarily restricted by donors are classified as temporarily restricted. Amounts used for loans that have not been restricted by donors, are classified as unrestricted net assets.

Plant Funds

Plant funds include the University's investment in property, plant and equipment, and resources to fund capital projects and acquire long-term assets. The fund consists of four classifications: Unexpended Plant Funds, Funds for Renewal and Replacement, Funds for the Retirement of Indebtedness and Investment in Plant.

Unexpended plant and renewal and replacement fund balances represent net assets that have not yet been used to acquire, renew, or replace property, plant and equipment. Funds for retirement of indebtedness represent net assets held to service debt related to the acquisition or construction of property, plant and equipment. Investment in plant fund balances represents equity in property and equipment.

Internal Account Structure

The internal account numbering system is based on a ten-digit account number (i.e., 217500-3100). The first digit indicates the ledger type:

- 0 is used for general ledger accounts (balance sheet accounts);
- 1 is for current operating revenue accounts;
- 2 is for current operating expenditure accounts;
- 3 is for revenue center accounts (accounts that have their own revenue source and related expenditures);
- 4 is used for the loan fund;
- 5 and 6 are used for current restricted funds (grants, financial aid);
- 7 and 8 are used for plant fund activities; and,
- 9 is for agency accounts (funds held by the University as custodian).

The first six digits represent the account number. The last four digits of the account number are the object code (see Appendix, page 44). This is used to identify the type of revenue or expenditure, such as tuition revenue or office supply expense.

The University's Financial Records System allows expenses to be budgeted at different levels of detail. For example, an account might have a separate budget for each equipment code, but one single budget to cover all materials expense. Another account might have several salary budgets based on category (faculty, staff, etc.). Budget pools are used to reflect a range of object codes that are supported by a single budget appropriation. For example, the Material and Supply pool (2000) includes more than twenty minor object code categories, ranging from object code 2010 to 2460. Budgets are maintained at the pool level and the system reallocates budget funds from the pool to the appropriate minor object codes to cover encumbrances and expense. A list of budget pools is included in Appendix, page 47.

POLICIES AND PROCEDURES

Budget Process

The internal budget process generally begins in the third quarter (February or March) of the fiscal year. At the beginning of this annual process, a combination of documents is distributed to the University's organizational units by the Budget Office. The information, referred to as the "Budget Call," is distributed electronically through the University's web-based budget process system and includes historical account activity. This provides the necessary information for the preparation of their budget request.

Included in the Budget Call are the following elements:

- a budget call memo from the President to the Provost and divisional Vice Presidents and Deans, which includes strategies, the division's planning base, guidelines and a brief description of the required forms;
- cost center (account) worksheets and a division summary spreadsheet, which summarize that division's current budget and expenses as well as a base target for the following year; and
- a personnel roster for the division head listing all full-time filled or vacant positions for the current fiscal year.

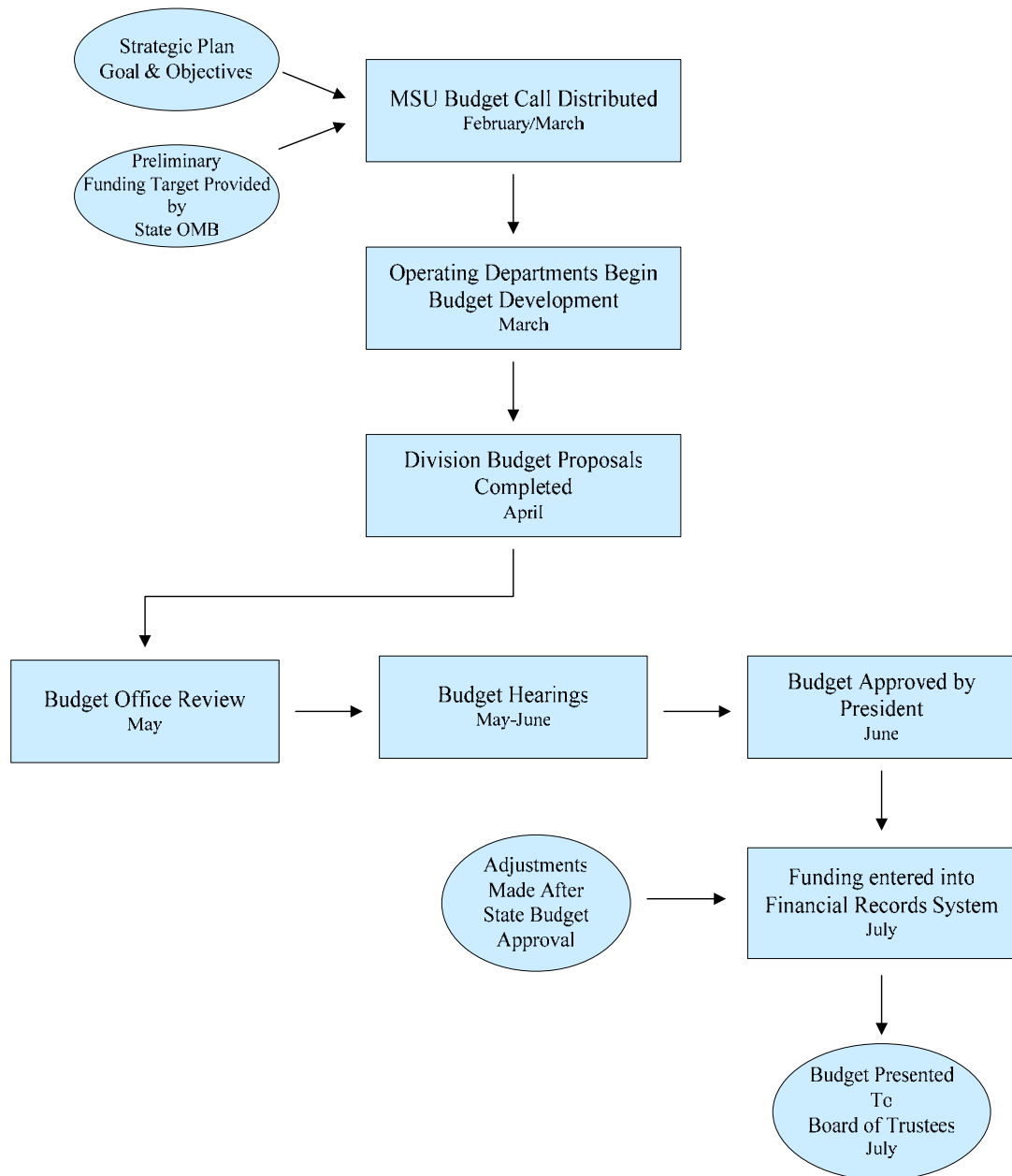
During this process, the departments may have the opportunity to request above base allocations, as well as reallocate existing funds within their base. In addition, departments may request computer and technology equipment for the next fiscal year. Budget plans must support the important priorities outlined in the University's strategic plan. This enables the University to maintain continuing growth in enrollment and also facilitates the programmatic changes that are necessary to fulfill the shared vision that has been established for the future of the University. The following guiding principles are to be used while developing the operating budgets:

- Operating budgets will be developed with a long-term perspective and with reference to the University's strategic plan.
- Core academic programs will be protected in order to preserve the University's essential teaching and research activities.
- Streamlining of workflows, delaying implementation of projects, and placing a greater emphasis on essential functions will result in streamlining efficiencies, thereby reducing the need for part-time assistance and providing opportunities to re-deploy vacant staff positions.
- Non-personnel expenditures will be managed efficiently, with particular emphasis on ensuring that activities with the highest priorities are adequately supported.
- Existing resources shall be reallocated to meet the highest priorities in each division.

Each division is also required to submit a budget request including a brief narrative of budget highlights. After the budgets are submitted, the division representatives meet with the Budget Office staff to review the proposals. The Budget Office completes an analysis for each division's submission and prepares executive summaries for the President. Discussions regarding divisional budgets will then take place between the President, Director of Budget and Planning, Provost, academic deans and vice

presidents. After the budget is reviewed with the Budget and Finance Committee of the University Senate, the President makes preliminary budget allocations. The Budget Office then uploads preliminary budget data from department worksheets into the Financial Records System. Fiscal year operating budget adjustments will be made based on final State appropriations in July, and the budget will be submitted to the Board of Trustees.

MSU Budget Development Process



Tuition and Fees

The Board of Trustees is authorized to set annual tuition and fee rates. Rates may be approved for a single fiscal year or for a multi-year period. The proposed rates are based on an analysis of various factors, including the comparative rates of similar institutions, student enrollments, state appropriations, anticipated University expense increases, economic indicators and goals set forth in the University's strategic plan. In addition, the State of New Jersey may set guidelines regarding the amount of tuition increase permitted. Prior to adopting such rates, the Board shall conduct public hearings to provide members of the University community with an opportunity to share their perspectives.

Upon approval by the Board of Trustees, general tuition and fees are announced to the University community. All non-standard tuition and special fees related to academic courses (credit and non-credit) are reviewed by the Budget Office. Non-standard tuition and fees include laboratory and special course fees, parking fees and other miscellaneous fees required to support student-related services. Tuition and fee proposals are then forwarded to the President for approval. The final tuition document is then distributed to the Registrar, Controller and initiating unit. It is critical that the unit initiate the tuition or fee request in a timely manner so that the Registrar's Office can publish these rates in the Schedule of Courses and the appropriate information can be entered into the Student Information System by the Bursar's Office prior to student registrations and billing.

Course Fee Guidelines

Definition and General Considerations

Course Fees are paid by students in a particular course, in addition to regular tuition and mandatory University fees. Course Fees cover expenses directly associated with tangible supplies and equipment used or retained by students and expenditures for enhanced instruction. The fee should be reasonable and equitable and not in excess of the value of goods and special services the students will receive. Students shall not be assessed Course Fees as a means for the department to secure additional funding to supplement instructional, administrative, or capital budgets.

Approval Procedure

Proposals to add, delete, or modify a Course Fee require approval of the Dean, Provost and Budget Office. Proposals should be submitted no later than February 28 for Summer semester, May 31 for Fall semester, and September 30 for Spring semester. Complete a Course Fee Request form explaining the fee and estimating revenues and expenses. Be specific, listing types of supplies, field trip details, etc. If a new separate account will be needed, attach an Account Request Form to the Course Fee Request.

Course fees will be reviewed on an annual basis by the Provost.

Common Appropriate uses of Course Fees:

- additional tangible supplies and equipment used or retained by the students
- duplication of written course materials
- testing instruments/packets
- student field trip expenses such as transportation and admission fees
- off-site facilities uses
- special services to the students required in the curriculum

Generally Inappropriate uses of Course Fees:

- salaries and other personnel expenses (unless students receive an extraordinary service)
- faculty and staff conferences and travel
- catering, insurance, parking, postage, subscriptions/memberships
- basic maintenance and supplies that are not course specific
- standard computers, hardware and technical support normally funded by mandatory computing fees or University technology funds
- general maintenance of facilities and equipment normally funded by general operating funds
- books retained by the student (students expected to purchase directly)
- other types of expenses that are funded by tuition and mandatory fees

Personnel

1. Full-Time and Part-Time Staff

Units are required to fund all full-time and part-time staff positions from their budget allocation. These include:

- newly authorized personnel;
- annual leave and/or final payments to employees such as lump sum vacation;
- payments for short-term disability and any leave replacements the unit chooses to make;
- authorized staff reorganizations (such as the reclassification of a position to a new title at a higher salary); and
- fringe benefit costs (ledger 3 budgets).

All staff position changes (e.g., reorganizations, reclassifications, and new positions) should be requested and approved during the budget planning period. A Position Reclassification form is required by the Budget Office for any positions being reclassified with the funding source identified for any increased costs (see Appendix, page 36). Requests for staff personnel position changes must be approved by the Budget Office and the Division of Human Resources and must include a funding plan as well as written justification.

Full-time and part-time salaries have fringe benefit costs associated with them. The budget allocation made at the start of the fiscal year covers fringe benefits. Funds from this expense category may not be reallocated for any other purpose. When personnel changes are requested to Ledger 3 accounts (revenue centers) during the year, the fringe benefit cost must be included in the funding plan submitted to the Budget Office.

Only base funds may be used to fund full-time positions. Contingency funds and one-time allocations cannot be used to fund full-time positions. Lapsed salaries may be used for replacements of positions following approval by the Budget Office.

Generally, part-time wages cannot be used to fund full-time positions. Exceptions may be granted with adequate written justification (i.e., eliminating part-time employees to fund a reclassification). This use of part-time wages to fund full-time positions will result in a permanent reduction to part-time wages in the current and future fiscal years.

Except under limited exceptions, funds allocated for full-time personnel may not be used for non-personnel items, such as materials and supplies. The use of part-time funds for non-personnel expenses is subject to review by the Budget Office.

2. Fringe Benefits

Fringe benefits are an integral part of the total compensation program available to University employees. These benefits include contributions to life insurance, disability insurance, retirement plans, and health insurance programs. The State of New Jersey currently reimburses the University for the cost of fringe benefits in the operating budget (Ledger 2 accounts). Departments are responsible for covering fringe benefit costs for Ledger 3 accounts (e.g., revenue centers, institutes, special programs, etc.). Any spending plan for Ledger 3 accounts must include the cost of fringe benefits.

The annual operating budget includes the cost of fringe benefits. Accounts are charged their share of the cost of providing these benefits based on actual expenditures for salaries.

When calculating the cost of fringe benefits, the following fringe benefit rates should be used:

- Faculty 30%
- Managerial (non-union) 28%
- Administrative/Support Staff (AFT) 33%
- Support Staff (CWA) 38%
- Police 46%
- Maintenance 45%
- Part-Time Employees 10%
- % of Full-Time/Visiting Specialist 17%

3. New Position Requests

All new position requests must follow Division of Human Resources procedures. Departments must include all appropriate documentation, including: job description, Position Action Approval Form (see Appendix, page 35), organizational chart, justification and funding plan. The Budget Office will ensure that the position has been approved and appropriate funding exists.

4. Salary Savings

If a position in a department is vacant, the salary for that position is said to “lapse.” The money that would have been paid to an employee is put into a separately designated account (e.g., the Vice President’s or Dean’s operating account). Upon approval by the division head and Budget Office, funds in this account can be used to pay for temporary replacements for this position. Other uses of lapsed salaries, such as for non-personnel costs, may be approved on a limited basis. The use of all salary savings may be restricted in the event that the University is required to cover expenses resulting from budget cuts or other institutional needs (e.g., utilities). Lapsed salaries apply only to Ledger 2 accounts; Ledger 3 account salaries do not lapse.

5. Temporary Staff

The use of temporary service or “per diem” employees may occur if a full-time position is vacant while the search process is occurring, or to support a special project. They work a certain number of hours and are paid an hourly rate. Please refer to procedures for the hiring of temporary staff issued by the Division of Human Resources. The Budget Office requires adequate funding for temporary employees or student assistants (1700 and 1800 object codes). Upon approval from the division head and Budget Office, salary savings from the vacant position may be used to fund temporary staff (see Section 4 on Salary Savings above).

Budget Transfers

To move budgeted funds from one object pool to another, either within the same cost center or between two different cost centers within the same ledger (funding source), a “*Request for Budget Transfer*” form must be completed (see Appendix, page 38).

Only pool object codes should be included on the transfer request form (when the expense is processed against the minor object code the Financial Records System will automatically draw down the necessary funds from the pool object to cover that expense). The fiscal agent must include a brief justification for the change to the original budget and a description of the expense. The fiscal agent is responsible for verifying that there are sufficient funds to cover the request.

Once completed, the form is signed by the fiscal agent and approved by the department head and the dean and/or vice president. The form should be submitted to the Budget Office for processing into the Financial Records System.

Requests for Supplemental Funding

Requests for additional funding (above base) can be made during the internal budget process for proposed projects or planned new initiatives. A request can also be made during the fiscal year for unplanned projects or expenses. When such supplemental funds are requested, the division must submit a proposal to the Budget Office justifying the expense. The approval of a supplemental budget request is subject to the availability of funding.

Departmental Chargebacks

A chargeback is a method used by service units to charge other departments for particular services. All chargebacks must be approved by the Budget Office prior to their implementation. Chargebacks that occur automatically, without the need for a departmental request include: utilities, telephone services, mail services, duplication services, parking and advertising for new or vacant positions.

The amount of chargebacks that a particular service department anticipates for a given year is budgeted as an offset to expenses. The expense is charged to the appropriate expense classification of the user department. The expenditure and related offset should equal zero.

Service departments must notify user departments during the budget development process of any anticipated budget changes to a chargeback expense in the coming fiscal year. User departments must also anticipate changes in planned expenses based on historical usage or changes in future requirements.

Activity related to the expenditure and the offset are processed by the Accounting Office during the fiscal year, following submission of invoices or other documentation by the service department.

Carry-forwards (revised 11/06/08)

As a general rule, budgets should be a realistic projection of revenues and expenditures, and funds budgeted for one fiscal year should be spent in that same fiscal year. In particular, *Ledger-2 and Ledger-3 Subsidized Revenue Centers* are ineligible for a carry-forward of surplus.

Ledger-3 accounts that are eligible for carry-forward consideration include: ***Indirect Costs, Course Fees,*** and certain ***Self-supporting Revenue Centers.***
See procedures below.

Timing

In early October, after the financial audit of the prior year has been completed, the Office of Budget and Planning will create a list of eligible cumulative net balances available for carry-forward. Only in unique cases, such as the depletion of current budgetary resources, will a carry-forward request be considered prior to the audit. Approvals will be made on a rolling basis from October forward, according to the considerations below.

Approval

All carry-forwards that require approval must be requested on a Request for Budget Transfer form. The Provost will review Academic Affairs carry-forward requests. For Non-academic requests, send the form to the appropriate Director and Vice President. The Office of Budget and Planning will make final determinations and arrange for transfer of funds, after receipt of a properly signed Request for Budget Transfer. **Below are guidelines for the different types of Ledger-3 accounts.**

Indirect Costs

You need to request carry-forward of unspent indirect cost funds. These revenues from government grants typically include three types of indirect costs: Principle Investigator (PI), Indirect Cost-Department, and Indirect Cost-Dean. The funds may be used for general expenses or development of future projects.

Course Fees

Course fees should be spent in the same year they are collected. Therefore, a request for carry-forward of unspent course fee revenue will not be approved automatically. If you believe you need these funds, submit a Request for Budget Transfer form, providing a clear explanation of the intended purchases and how they will be used in the relevant courses. Please explain why the course fees were not fully used in the same year they were collected and if this is typical. Send the request to the appropriate Dean, followed by the Provost. Course fees that are significantly or routinely under spent may be subject to further review.

Self-supporting Revenue Centers

Revenue Centers provide services or enrichment to the MSU community or the public and typically generate revenues sufficient to cover expenses. A cumulative net surplus from prior years is only available as a carry-forward if the program is not subsidized by the University, and if the request is approved. To make a request, use a Request for Budget Transfer form to explain the general mission of the program and why the carry-forward funds are needed. Send the form to the Provost or appropriate Vice President, and then the Office of Budget and Planning.

Indirect Costs Policies for Sponsored and Special Programs

Overview

Research and other sponsored activities, as well as special programs initiated at the University, are a basic part of our institutional mission. Funding sources for such programs are the federal government, state and local governments and private entities. Additionally, in order to be responsive to the dynamic and changing needs of New Jersey citizens, businesses and other organizations, the University must be able to offer a variety of special training and instructional programs (credit and non-credit). Such grants and contracts, as well as special programs, typically provide support for the direct and indirect costs that are incurred by the University in conducting those programs.

Direct Costs

The total cost of a sponsored or special program consists of direct and indirect costs. Direct costs are all costs explicitly identified with delivery of the program. Typically, but not exclusively, such costs include:

- *Salaries and Wages*
- *Fringe Benefits*
- *Consultants*
- *Capital Equipment*
- *Travel*
- *Consumable Supplies*
- *Computer Software*
- *Equipment Maintenance and Repair*
- *Printing and Publishing*
- *Photocopying*
- *Telephones*
- *Postage*
- *Conferences*
- *Space Lease/Rental*
- *Subcontracts*
- *Insurance*
- *Recruitment*
- *Remitted Tuition*
- *Scholarships*

These costs are itemized in the program budget.

Fringe Benefits – Several elements are included in Fringe Benefits. Depending on employee type, an aggregate average rate is charged for each employee engaged in a Sponsored Program, Special Instructional Program, Training Program, or Other/Public Service Program.

1. Fringe benefit rates are currently projected as follows:

- | | |
|--------------------------------------|-----|
| • Faculty | 30% |
| • Managerial (non-union) | 28% |
| • Administrative/Support Staff (AFT) | 33% |
| • Support Staff (CWA) | 38% |
| • Police | 46% |

- Maintenance 45%
- Part-Time Employees 10%
- % of Full-Time/Visiting Specialist 17%

2. A rate of 10% will be charged on the salaries of part-time and student employees during the academic year and the summer. This does not apply to students holding graduate assistantships.
3. All full-time faculty are considered "part-time" for accounting purposes in July and August; a rate of 10% is charged on their salaries during the summer months. The rate is increased if the earnings are pensionable.
4. These rates will remain in effect through the end of the current fiscal year.
5. Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages, and are routinely charged to grants and contracts; separate charges for the cost of these absences are not made.

The costs of the following benefits are included in the full-time employees' fringe benefit rate:

- *FICA (social security)*
- *Medicare/Medicaid*
- *Workers' Compensation*
- *Unemployment compensation*
- *Health insurance*
- *Life insurance*
- *Disability insurance*
- *Retirement*
- *Tuition remission*

The costs of the following benefits are included in the part-time employees' fringe benefits rate:

- *FICA (social security)*
- *Medicare/Medicaid*
- *Workers' Compensation*
- *Unemployment compensation*

Cost Sharing for Sponsored Programs - Occasionally, grantors/sponsors require the University to make a contribution toward a project's total cost. Cost sharing represents a real and quantifiable direct cost that must have the approval of the initiating unit head. Approval also must be given by the appropriate school/college dean and the Provost or Vice President. Each initiating unit must explicitly commit existing "on-budget" resources for cost sharing on sponsored projects. Alternatively, the initiating unit could obtain internal cost share funding from the appropriate school/college dean and/or the Provost or Vice President. Since cost sharing is examined and audited by the sponsoring organizations and the University's independent auditor, the budget proposal must specify the exact amount of contributions anticipated and cost sharing expenditures must be accounted for in accordance with grant and University guidelines.

Indirect Costs

Indirect costs are those incurred by the University to support sponsored or special programs but that cannot be directly traced and charged to a specific program.

Generally, examples of indirect costs include:

- *Operation and Maintenance of Facilities*
- *Security and Safety*
- *Financial and Accounting Services*
- *Procurement Services*
- *General Maintenance of University Equipment*
- *General University and Departmental Administrative Expenses*
- *Use of Computing Resources*
- *Library*
- *Equipment and facilities use allowance (depreciation)*

The University recovers all these support costs, in part, by applying an indirect cost rate to each sponsored or special program. Depending on the particular type of program proposed, an appropriate indirect cost rate is applied to Modified Total Direct Costs (MTDC) for non-federally sponsored projects and to Salaries and Wages for federally sponsored projects. Modified Total Direct Costs are calculated as Direct Costs less equipment and capital expenditures, scholarships and fellowships, remitted tuition, rental costs, and the portion of subcontracts in excess of \$25,000 (as per the federal OMB Circular A-21). Salaries and Wages include regular wages and pay for vacation, holidays, sick time and other paid absences.

Administrative Responsibilities

The Dean of the Graduate School approves proposals for sponsored research, special contracts, certificates, and other continuing education programs (credit and non-credit) and ensures application of the University's authorized indirect cost rates. Some grantors/sponsors may require the application of different indirect cost rates, or a complete waiver. Where it is in the interest of the University, particular special contracts, certificates or other continuing education programs may also warrant application of different indirect cost rates. Under such circumstances, the Dean of the Graduate School may modify the University's indirect cost rate. Final program approval is required from the Provost.

The Dean also is responsible for initiating the periodic review of the University's non-negotiated indirect cost rates. As appropriate, and in collaboration with the University Budget Office, the Graduate Dean will make recommendations for changes to the indirect cost rates. Changes to indirect cost rates require approval of the University President.

The University Controller's Office is responsible for negotiating the federal indirect cost rates with the Federal Government.

Approved Indirect Cost Rates

Different types of non-federally sponsored and special program activities require different levels of support. Consequently, (1) Sponsored Research, (2) Special Instructional Programs, (3) Training Programs and (4) Other/Public Service Programs each require different indirect cost rates. Off and on-campus rates for each type are developed as a percentage of Modified Total Direct Costs (MTDC). Approved rates are as follows:

Fiscal Year 2008 - Approved Indirect Cost Rates

<u>Programs</u>	<u>Location</u>	<u>Rates</u>
Sponsored Research	On-Campus	50%
Sponsored Research	Off-Campus	25%
Instruction (credit-based)	On-Campus	50%
Instruction (credit-based)	Off-Campus	30%
Training (non-credit)	On-Campus	50%
Training (non-credit)	Off-Campus	30%
Non-Credit Courses	On/Off-Campus	20%
Other/Public Service	On/Off-Campus	20%

The current negotiated indirect cost rate for federally funded sponsored research programs are: 58%, on campus and 30%, off-campus. This rate is applied to Salaries and Wages.

Distribution of Indirect Cost Recoveries

Indirect cost funds recovered from all Sponsored Research Programs will be distributed by the University Controller. A percentage of indirect costs recovered from Special Instructional Programs, Training Programs, and Other/Public Service Programs will be distributed by the University Budget Office, according to the following schedule:

Fiscal Year 2008 - Approved Rates

General University Fund (Research Programs)	30%
General University Fund (Special Instr./Training Progs.)	30%
School/College Dean's Office	15%
Academic Department	25%
Principal Investigator (minimum share)	10%
Office of Research & Sponsored Programs	20%

As an appropriate incentive, the principal investigator shall be eligible to use a minimum of 10% of the total indirect cost recovery of the program for which she/he is responsible. If it is the judgment of the department chair and dean that the principal investigator should be entitled to more than 10%, the additional resources would be provided from the 25% departmental indirect cost share. Indirect cost recovery funds cannot be used to increase the principal investigator's annual compensation.

Distribution of Net Income

Some Special Programs (but not federally Sponsored Research Programs) may generate income in excess of direct and indirect costs. Under those circumstances, the University Controller will distribute such net income at the end of each fiscal year, according to the following schedule:

Fiscal Year 2008 - Distribution of Net Income

General University Fund	40%
School/College Dean's Office	10%
Academic Department/Unit of Principal Investigator	50%

Verification of Indirect Cost Recovery and Net Income

Except for federally Sponsored Research Programs, distributions of Indirect Cost Recoveries or Net Income will be made by the University Controller subsequent to the closing of each fiscal year. This will permit verification of projected revenues and an audit of expenditures related to each Special Instructional Program, Training Program, and Other/Public Service Programs.

Appropriate Use of Indirect Cost Recovery and Net Income Funds

School/college deans, academic departments and principal investigators will have various uses for funds generated from their share of indirect cost recoveries and net income. Generally these include any purpose for which general University funds may be expended based on State regulatory requirements and University policy, except for increased compensation for the principal investigator. Furthermore, no commitment for multi-year expenditures may be made from these resources. Before funds from indirect cost recoveries or net income are spent, appropriate spending authority must be authorized by the school/college dean for academic departments and principal investigators. Spending proposals for educational purposes by school/college deans must be approved in advance by the Provost.

An Example of an On-Campus Special Instructional/Training Program

Direct Costs	Amount	Eligible For Cost Recovery	Cost Recovery Rate	Indirect Costs Recovered
Salaries:				
Faculty	\$50,000	Yes	50%	\$25,000
Staff	\$30,000	Yes	50%	\$15,000
Part-time Salaries	\$10,000	Yes	50%	\$5,000
Fringe Benefits	\$23,200	Yes	50%	\$11,600
Travel	\$1,000	Yes	50%	\$500
Supplies	\$3,000	Yes	50%	\$1,500
Equipment	\$3,000	No		
Telephones	\$800	Yes	50%	\$400
Printing & Duplicating	\$1,300	Yes	50%	\$650
Remitted Tuition	\$4,000	No		
Scholarships	\$5,000	No		
Total Program	\$131,300			\$59,650
Total Program Cost - Direct Cost Plus Indirect Costs				\$190,950
Revenues Generated From Special Instructional Program				\$300,000
Net Income From Special Instructional Program				\$109,050
Indirect Cost Distribution:				
General University Fund			50%	\$29,825
School/College Dean's Office			15%	\$8,948
Academic Department/Initiating Unit			35%	\$20,878
			100%	\$59,650
Net Income Distribution:				
General University Fund			40%	\$43,620
School/College Dean's Office			10%	\$10,905
Academic Department/Initiating Unit			50%	\$54,525
			100%	\$109,050

An Example of an On-Campus Research Program with Foregone Indirect Costs as Match

Direct Costs	Amount	Eligible For Cost Recovery	Cost Recovery Rate	Indirect Costs Recovered	MSU Match
Project Director	\$22,000	Yes	8%	\$1,760	\$11,440
Part-time Employees	\$12,000	Yes	8%	\$960	\$6,240
Student Assistants	\$9,000	Yes	8%	\$720	\$4,680
Fringe Benefits	\$7,840	Yes	8%	\$627	\$4,077
Travel	\$3,500	No			
Supplies	\$1,000	No			
Equipment	\$500	No			
Telephones	\$250	No			
Printing	\$800	No			
Total Program	\$56,890			\$4,067	\$26,437

Total Program Costs = Direct Costs + Indirect Costs + MSU Match

\$87,394

Grant/Contract From Sponsoring Agency

\$60,957

Net Income From Sponsored Program

(\$26,437)

Indirect Cost Distribution:

General University Fund	30%	\$1,220
School/College Dean's Office	15%	\$610
Academic Department/Initiating Unit	25%	\$1,017
Principal Investigator	10%	\$407
Office of Research & Sponsored Programs	20%	\$813
	100%	\$4,067

An Example of an On-Campus Research Program

Direct Costs	Amount	Eligible For Cost Recovery	Cost Recovery Rate	Indirect Costs Recovered
Salaries:				
Faculty	\$100,000	Yes	50%	\$50,000
Staff	\$70,000	Yes	50%	\$35,000
Part-time Salaries	\$10,000	Yes	50%	\$5,000
Fringe Benefits	\$48,400	Yes	50%	\$24,200
Travel	\$5,000	Yes	50%	\$2,500
Supplies	\$7,000	Yes	50%	\$3,500
Equipment	\$3,000	No		
Telephones	\$800	Yes	50%	\$400
Printing	\$1,300	Yes	50%	\$650
Remitted Tuition	\$4,000	No		
Subcontract Costs:				
First \$25,000	\$25,000	Yes	50%	\$12,500
Above \$25,000	\$15,000	No		
Total Program	\$289,500			\$133,750
Total Program Costs - Direct Costs Plus Indirect Costs				\$423,250
Grant/Contract From Sponsoring Agency				\$423,250
Net Income From Sponsored Program				\$0
Indirect Cost Distribution:				
General University Fund			30%	\$40,125
School/College Dean's Office			15%	\$20,063
Academic Department/Initiating Unit			25%	\$33,438
Principal Investigator			10%	\$13,375
Office of Research & Sponsored Programs			20%	\$26,750
			100%	\$133,750

Scholarships, Tuition Waivers

1. Undergraduate Scholarships and Waivers

Undergraduate scholarships and waivers are awarded through the Financial Aid office. The credits are applied to the student's accounts by the Bursar's office. These amounts are then charged to the University scholarship accounts as an expense by the Bursar's Office. Some of the major institutional waiver programs include: Distinguished Scholars Program, Outstanding Scholar Recruitment Program, Unemployed Workers Program, National Guards Program, International Students, Older Adults, Phi Theta Kappa and Thistle. The Financial Aid office is responsible for submitting an annual budget to the Budget Office, detailing the number of recipients and the dollar value for the various scholarship and waiver programs.

2. Graduate Assistantships

The Graduate Assistantship program is one of two financial aid programs available to graduate students at Montclair State University. The Dean of the Graduate School is responsible for submitting an annual budget for Graduate Assistantships. The number of graduate assistantships available for the subsequent academic year will be established in October each year. Only full-time graduate students, taking a minimum of 9 credits a semester, are eligible for Graduate Assistantships, and no master's student may receive an assistantship for more than four semesters (see the Graduate School website for policy and procedures on Graduate Assistantships). Graduate assistants receive tuition and fee remission up to 24 credits in a year including summer, plus a ten-month stipend in return for services in the graduate assistantship. Administrative units of the University no longer have graduate assistants assigned to them. However, departments or programs that wish to hire graduate students as student employees may do so. Budget requests for student employment may be forwarded by departments through the annual budget process.

The other scholarship program, the Saul and Adelaide Goldfarb Scholarship program, is funded through the Montclair State University Foundation and supports a maximum of eight students a year.

3. Faculty, Staff Tuition Waivers

Tuition waivers for faculty and staff members are handled through the Division of Human Resources. It is considered to be a fringe benefit expense of the University.

Note: All financial awards, either stipends or remitted tuition and fees, cannot be used for other expenditure categories.

Establishment of Accounts

If it is determined that changes to the attributes of an existing account need to be made (e.g., new fiscal agent, new account title, department) or a new cost center needs to be established because a department is expanding or adding a new program, an “*Account Request*” form (see Appendix, page 37) must be completed by the department.

The department must include the proposed title, fiscal agent, department, division, source of funds, a brief description of the program and the period the program will be active. If the program is not supported by State-appropriated funds, a budget should be attached identifying the source of revenue and the fee schedule used to determine the projected revenue.

After the form has been approved by the division Vice President, it is submitted to the Budget Office for authorization and forwarded to the Controller’s Office for processing.

Fund Transfers

A fund transfer is the allocation of resources between fund groups so they may be used for activities within the recipient fund group. There are two types of transfers, mandatory and non-mandatory. Mandatory transfers require a binding legal agreement as support for the transfer, and are most commonly used to make debt service payments. Non-mandatory transfers are made at the discretion of management and are used primarily to fund the activities of another fund, such as capital projects in the plant fund.

Specific object codes have been identified for each fund group (refer to the object code listing for appropriate code, see Appendix, page 44). All transfers must be approved by the Budget Office and the Controller’s Office.

Grant Proposals

All grant proposals that request matching funds from the University must be approved by the Budget Office. The “Internal Approvals for Grant or Contract Proposals” form must indicate the dollar amount requested and the source (account number) of matching funds (see Appendix, page 41). Upon approval by the Budget Office, the form will be returned to the grant project director.

Gifts

Most gifts are processed through the MSU Foundation. The Foundation forwards the funds to the University with instructions on how the funds are to be used. The Budget Office places the funds into the appropriate account(s) and the recipient’s budget is adjusted.

Some gifts are forwarded directly to the University, mostly in support of revenue center accounts. These amounts are reviewed by the Budget Office and deposited in the appropriate accounts. A budget adjustment is made to allow spending of the funds.

Capital Budget Policy and Procedures

Currently under development.

APPENDIX

Mission Statement

The Office of Budget and Planning is responsible for the development and monitoring of the University's annual operating budget. The office prepares the State Budget Request and annual spending plan. It conducts analytical studies to support the planning and budget development processes and produces management information related to the University's operations.

The Office of Budget and Planning offers the primary support for identifying, obtaining, allocating and maximizing resources needed to achieve the University goal of becoming the second most highly visible and prominent public university in the state. The office strives to provide its customers with efficient and productive methods for budget preparation, using sound budget and management practices, financial planning that supports management decision making, and developing innovative solutions to challenging problems.

Major Responsibilities:

- Prepare the annual budget submission to the State.
- Develop and monitor the University's annual budget.
- Fulfill internal and external budgeting reporting requirements.
- Process budget transfers and funding requests for new programs and new initiatives.
- Review capital project requests and monitor capital budget expenditures.
- Provide financial analysis for departments and the University.
- Link University budgets with strategic planning.

Budget Office Staff Contacts

Fax (973) 655-7828

Staff Member	Contact for:	Telephone	Email
David Josephson Executive Director, Budget and Planning	Office of the President	(973) 655-6956	josephsond@mail.montclair.edu
Carole A. Schaffer Assistant Director, Budget and Planning	College of the Arts, College of Humanities and Social Sciences, University Facilities	(973) 655-6946	schafferc@mail.montclair.edu
Marilynn Kind Budget Analyst	College of Education and Human Services, Student Development and Campus Life	(973) 655-7053	kindm@mail.montclair.edu
Patti D'Angelo Budget Analyst	College of Science and Mathematics, School of Business, Human Resources, University Advancement, Finance & Treasurer	(973) 655-4293	dangelop@mail.montclair.edu
Debbie Fernbacher Budget Analyst	Provost, Library, Information Technology	(973) 655-4293	fernbatched@mail.montclair.edu
Kathleen Spichiger Budget Analyst	Resource Planning	(973) 655-6808	spichigerk@mail.montclair.edu
Maria Wellins Program Assistant	Administrative Support	(973) 655-7428	wellinsm@mail.montclair.edu

Annual Budget Development Calendar

January

- **Governor's budget message**

February

- **Review of Internal Budget Call memo by Executive Council**
- **Review of Internal Budget Call memo by Management Council**
- **Review of draft Internal Budget Call memo by the Senate Budget and Finance Committee**
- **Budget packets will be distributed by Budget office**
- **Vice presidents will initiate budget calls within their divisions**

March

- **Operating departments begin development of budget proposals**
- **Senate Budget and Finance Committee recommends institutional budget priorities for the next fiscal year.**

April

- **Budget proposals are completed by units and submitted to appropriate divisional vice presidents**

April – May

- **Vice presidents forward recommended budget requests to Budget Office; the Budget Office will begin analysis of divisional budget requests and prepare executive summaries; President and Senior Vice President for Administration begin discussions of budget proposals with Provost, academic deans and vice presidents**

May

- **Review of budget with Senate Budget and Finance Committee**
- **President makes preliminary budget allocations**
- **The Budget Office uploads preliminary budget data from department worksheets into the Financial System (FRS)**

July

- **The fiscal year begins**
- **Fiscal year operating budget adjustments based on final State Appropriation**
- **Presentation of operating budget to Board of Trustees**

MONTCLAIR STATE UNIVERSITY
Account Request

DATE: _____ COST CENTER/ACCOUNT#:

CHECK ONE: NEW ACCOUNT: CHANGE EXISTING ACCOUNT:

ACCOUNT TITLE: _____

LONG DESCRIPTION: _____

OLD FISCAL AGENT: _____ NEW FISCAL AGENT: _____

DEPARTMENT: _____ VP RESPONSIBLE FOR ACCOUNT: _____

PURPOSE OF ACCOUNT: _____

BEGIN DATE: _____

END DATE: _____

SOURCE OF FUNDS:

To Expedite: Forward Promptly to next individual on list. Thank You.

(Fiscal Agent)

(Division Vice President)

(Budget Office)

(Controller's Office)

FOR ACCOUNTING OFFICE ONLY		
	SL	GL
Map Code	_ _ _	_ _ _
Yr End Processing	—	—
Security	_ _ _ _	_ _ _ _
Rpt Distribution	_ _ _	_ _ _
Company Code	_	_
Division	_	_
Admin Unit	_	_
Department #	_ _ _ _	_ _ _ _
Fund Group	_	_
Exp Purpose	_ _ _	
Rev Source	_ _ _	
Account Purpose	_	_
Sequence #	_ _ _	
Report Exec Level	_ _ _	
Report Division	_ _ _	
Report Department	_ _ _ _	
Roll-Up Acct #	_ _ _ _	



Montclair State University

Budget Information For Position Reclassification Request Fiscal Review by Budget Office

The following information has been provided by the requesting department

Department Name _____

Account Number _____

Position Number _____

Current Position Data:

Title _____

Salary Range _____

Salary _____

Requested Position Data:

Title _____

Salary Range _____

Salary _____

Increased costs related to this action _____

Source of funds for increased costs in current fiscal year: _____

Account Number/Object Code _____

Source of funds for increased costs in next fiscal year: _____

*(Must designate funds **other than** salary savings for next fiscal year)*

Account Number/Object Code _____

Budget Office Signature

Date



Montclair State University

Request for Capital Budget Appropriation

Date: _____

Document No

Project : _____

Prepared by: _____

Account Number: _____

Fiscal Agent/Project Manager

Justification For Request: _____

Source of Funds (describe): _____

Funding Category: _____

Budget Requested (Attach Approved Project Cost Est. Form

Transaction Code

Obj. Cd.	Amount	Obj. Cd.	Amount	Obj. Cd.	Amount
Total					

Budget Transferred From

Transaction Code

Account Title	Account Number	Object Cd.	Amount
Total			

Approved By: _____
 Assistant Vice President

_____ Date

Approved By: _____
 Associate Vice President

_____ Date

Approved By: _____
 Budget Office

_____ Date

Approved By: _____
 President

_____ Date

For Controller's Office Use Only

Recording Actual Funding or Transfer

Debit Receivable account or Revenue transfer

Credit Revenue in Project Account

Account Number	Object	Amount	Account Number	Object	Amount
Total			Total		

Approved By: _____
 Controller's Office _____ Date

(Please return copy of Controller Office approval to the Budget Office)

Internal Approvals For Grant or Contract Proposals

Date: ____/____/____

R&SP USE ONLY

Log #: -

MONTCLAIR STATE UNIVERSITY
INTERNAL APPROVALS FOR GRANT OR CONTRACT PROPOSALS*

1 Project Director(s): _____ 2 Phone: _____

3 Email address _____

4 Department: _____ 5 Effective Dates: ____/____/____ -- ____/____/____

6 Title of Project:

7 Project Objective (*BRIEF description of central idea*) :

8 **Name, Address and Phone Number** of Funding Department/Agency/Foundation Company (*Sponsor*) :

9 SUBMISSION DEADLINE: _____ Is this a RECEIPT: or POSTMARK: deadline? (Check one)

10 Number of copies to be submitted _____

12 Amount Requested: \$ _____

13 Are Full Indirect Costs (IDC) Included: No Yes

What %? _____ What Amount? \$ _____

% _____ S & W TDC Other (specify) _____

If no, does the sponsor specifically exclude or limit IDC? _____

14 Are Fringe Benefits Included? No Yes *If yes, insert Rate(s) used:* Full time _____% Part time _____%

11 Are MSU Matching Funds Included? No Yes
If yes, specify source(s):
Amount: _____ Acct: _____ Authorized by: _____
\$ _____
\$ _____

Budget Office Approval

SPECIAL APPROVALS

15a Are Space Modifications Required? No Yes *If yes, Assoc. VP of Facilities Management signs here:*

(Attach Facilities Approval form)

15b Is Additional Space Required? No Yes *If yes, Assoc. VP of Facilities Management initials here:*

16a Is a Waiver of Tuition Requested? No Yes *If yes, attach a Tuition Waiver Form*

16b Is a Waiver of Fees Requested? No Yes *If yes, attach a separate, specific justification for request*



Montclair State University

Request for Transfer of Expense

Date _____

Fiscal Year _____

Transfer From (Credit) _____

Account Number	Object Code *	Amount
	Total	

Transfer To (Debit) _____

Account Number	Object Code *	Amount
	Total	

Justification:

Requested by: _____

Approved by (Fiscal Agent): _____

* Do not use payroll or pool object codes. (Pool object codes include: 2000,2500,3000,3100,3960 and 4000.)

Submit to: Financial Accounting, 855 Valley Road, Ste. 112 Fax: 7610 Attn: Accounting

Chart of Accounts: Object Code Listing

Object Code	Description
<u>Revenue Related</u>	
0100	Tuition
0102	Fees- Spring
0103	Fees- Summer
0104	Fees- Fall
0105	Fees
0106	Cisco I Special Fee
0107	Cisco II Special Fee
0108	Cisco III Special Fee
0109	Cisco IV Special Fee
0110	Tuition & Fees Rev.
0111	BCC
0113	P-3 Abbott
0114	Life Skills Center
0122	Tuition Spring
0123	Tuition Summer
0124	Tuition Fall
0130	Application Fees
0131	Applic Fee - Under
0132	Applic Fee - Gradu
0133	Prgm Chg Fee - Grd
0135	Con Ed App Fee
0136	Visit Studnt Fee
0137	Internship Fee
0138	Commencement Fee
0140	Transcript Fee
0142	Late Payment Fee
0144	Deferment Fee
0146	Dishonored Check Fee
0148	Library Fines
0150	Housing Damage
0165	SGA Admin Fee
0166	SGA Admin Fee
0191	Parking Decals
0192	Parking Fines
0194	Handicap Gate Cards
0195	Parking Meters
0196	Parking- Spec Events
0197	Parking Gar Permit
0198	Parking Gar Daily
0199	Tuition TRF
0210	Original Approp
0215	Cap Appropriations
0220	Supplemental Approp
0230	Salary Program
0250	St Paid Fringe Bens
0251	St Attrib Fringe
0260	St Approp Fringe Ben

Object Code	Description
<u>Revenue Related (cont.)</u>	
0265	TIAA Reimbursement
0266	TIAA Reimburse- Escrw
0310	Merit Grants/Contract
0320	HUD Grant
0330	Cap Grants & Gifts
0350	Priv Gifts Grnt Cont
0410	Endowment Income
0420	Investment Income
0421	Invest Inc- Cd'S
0422	Invest Inc- Mon Mkt
0423	Invest Inc- Trustee
0424	Unreal App/Dep
0425	Realized Gain Loss
0426	Alloc Invest Income
0429	Rental Income Sevts
0430	Rental Income
0431	Rental Income- Office
0432	Rental Income- Clsrn
0433	Rental Income- Bkstr
0434	Rental Income- C-Str
0435	Rental Income- Fldhs
0436	Rental Income- Wmctr
0437	Rental Income- Stact
0438	Rental Income- Flmkt
0439	Rental Income Maint
0440	Cost Recovery
0445	IC-Cost Sharing
0446	Adm Cost Allow
0450	Fringe Ben Recov
0475	AP-Disc Realized
0500	FY02 Orig Corr
0503	FY00 Orig Corr
0510	Educ Dept Sales Serv
0520	Football Revs
0525	Basktbl Revs
0530	Oth Ath Revs
0540	Summer Conference
0550	Publishing
0555	Workshop
0560	Vending Commission
0590	Refunds
0610	Other Misc Income
0615	Intern Gen Rev
0710	Rented Equipment
0720	Owned Equipment
0850	Agency Revenue
0865	College Hall Rev

Object Code	Description
<u>Revenue Related (cont.)</u>	
0866	Rathskellar Rev
0867	Goccia Cafe
0868	Student Center Rev
0869	RH Diner Rev
0870	Catering Rev
0900	Others
0901	Alumni- Chapin
0905	Energy Resale
0910	Sales
0911	Guest Room Fees
0912	Contr Serv- Spring
0913	Contr Serv- Summer
0914	Contr Serv- Fall
0915	Res-Life Housedep
0917	Red Hawk Repts
0920	Board Spring
0921	Grant Rh Repts
0930	Board Summer
0940	Board Fall
0990	Surplus Transfer
<u>Personnel Related</u>	
1000	Control
1100	Full-Time Faculty
1210	Administration
1211	Prof Staff,Mgrs,Sup
1220	Teaching Faculty
1221	Counselors
1222	Librarians
1230	Secretarial/Clerical
1232	Para-Prof/Tech
1240	Sal Fulltime FSCA Pr
1250	Food Service
1251	Pos Ctl Initial Run
1260	Custodian/Gen Ser/Bm
1261	Skilled Crafts
1262	Pos Ctl Initial Run
1263	Op Engr/Skld Craft
1264	Grounds Crew
1270	Security
1271	Police
1272	Sargeants
1288	Salary Savings
1289	P/R Chg Back Rec
1299	Salary Program
1300	Fulltime Overtime
1320	FY99 Orig Corr

Chart of Accounts: Object Code Listing

Object Code	Description
<u>Personnel Related (cont.)</u>	
1340	Ot Fulltime FSCA Pr
1370	Early Ret L/S
1380	Lump Sum Sick
1389	O/T Chg Back Rec
1390	Clothing Allowance
1400	Adj./O.L./V.S.
1410	Adjuncts
1411	Adj/Sab
1412	Adj/Loa
1420	Visiting Specs
1430	Overload
1450	Released Time
1499	Salary Savings
1500	Graduate Assistants
1507	GA'S VPAA
1600	Special Purpose
1645	Travel Advance
1700	Part-Time Employees
1740	PT FSCA Pr
1750	Part-Time Overtime
1770	Summer Instruction
1790	T/Fest Payroll
1799	FY98 Orig Corr
1800	Student Assistants
1840	EFA Interest Act
1850	CWS - Student Comp
1860	CWS - Job Locator
1900	Fringe Benefits
1901	P/T Fringe Ben
1905	Staff Waive Cur Fall
1910	Staff Waiver Cur Spr
1915	Staff Waiver P/Y
1925	Staff Waiver Cur Sum
1940	Benefits FSCA
1950	Fringe Gross-Up
1960	Non-Payroll FB
1970	Lump Sum Sick
1975	Compensated Abs
1990	T/Fest Fringe
<u>Supplies & Services</u>	
2000	Mat'L/Supp Pool
2010	Food Supplies
2100	Office Supplies
2110	A/P Wood Service
2125	Cntl Stores
2135	Cntl Dupl & Print
2145	Xerox
2150	Outside Printing
2160	Production Supp
2170	Micrographics Chgs
2175	Health Ins Liab
2200	Vehicular Supplies

Object Code	Description
<u>Supplies & Services (cont.)</u>	
2300	Educational Supp
2310	Library Books
2350	Bookstore Refunds
2355	Bookstore Pymts
2400	Housekeeping Sup
2405	Due To Msc
2410	Clothing
2415	Salaries Payable EFA
2450	Other Mat'L/Suppp
2460	Packing Supplies
2500	Fuel & Util Pool
2505	Utilities Chargeback
2510	Electricity
2515	Montclair Cogen
2520	Water
2530	Gas
2540	Fuel Oil
2550	Sewer
2555	Water Treatment
2600	Publishing Cost
2650	Workshop
2750	Prov For Bad Debts
3000	Travel Pool
3010	Travel/Conferen
3015	Travel Advances
3020	Travel/Business
3030	Prog Consult Travel
3040	Eval Consult Travel
3100	Oth Svcs Pool
3110	Telephone Maint
3115	Tel Use Chgs
3116	Tel Equip Chg
3117	Telephone Reim
3120	A.T.&T.
3130	Verizon
3140	Lease/Purchase
3150	Telephone Reimbur
3200	Professional Serv.
3210	Postage Meter
3220	Postage Reim
3230	Messenger Service
3240	Pre-Sort
3250	Postage Reimburse
3300	Insurance
3310	Royalties
3400	Utilities and Fuel
3410	Info Processing Serv
3420	Equipment Rental
3430	Software
3435	Software Licenses
3500	Equip.Rep&Maint
3510	Food Service
3512	Food Pymts Fall

Object Code	Description
<u>Supplies & Services (cont.)</u>	
3513	Food Pymts Spring
3514	Food Pymts Summer
3515	Food Pymts Sum Con
3520	Security Services
3530	Refuse Collection
3540	Armor Car Fees
3550	Commis Exp Res Life
3560	Commis Exp Sc Anex
3570	Commis Exp Msc
3600	Fac. Rep. & Maint.
3610	Educ Consultants
3620	Evaluation Consult
3630	Co-Op Teachers
3640	Honorariums
3650	Prof. - Misc
3655	Health Center
3660	Legal & Audit Ser
3670	Conf Ctr Charge
3675	Computer Exps
3680	Aux Ser Charge
3690	Managerial Chg
3800	Space Rental
3810	Staff Training
3820	Subs/Memberships
3825	Regis Non-Travel
3830	Advertising
3835	Advert/Personnel
3840	Recep Coll-Wide
3845	Recep Vp Events
3850	Recep Outside
3855	Catering
3860	Misc. Services
3865	Payments-Grants Subs
3870	Legal Settlement
3871	Contra Coll Cost
3872	Collection Costs
3875	Off Camp Hse Exp
3880	Dissemination
3890	Production Costs
3900	3900 O.T.I.S.
3950	EFA Dorm Supplies
3960	Postage Pool
3965	Postage Meter
3967	Postage Chargeback
3970	Postage Stamps
<u>Maintenance & Equipment</u>	
4000	Maint Chgs Pool
4010	Building Maintenance
4020	Grounds Maintenance
4100	Equipment Maint
4110	Office Equip Maint
4120	Educ Equip Maint

Chart of Accounts: Object Code Listing

Object Code	Description
<u>Maintenance & Equip (cont.)</u>	
4130	Library Equip Maint
4140	Lab Equip Maint
4150	Data Pros Equip Main
4160	Maintenance Equip
4170	Other Equip Maint
4180	Computer Exp
4200	Vehicle Maintenance
4300	EFA Capital Exps
4380	Unreal Gain/Loss
4400	Rent/Bldgs & Grounds
4410	Rent Res Life
4420	Rent Student Center
4450	Facilities Chg
4500	Rent/Vehicular
4600	Recurring Maint
4700	Other Fund Additions
4710	Equipment Rental
4720	Charter Rental
4730	Films Rental
4800	Depreciation Pool
4900	All Other Exp
4910	Maint Chargeback
<u>University Expenses</u>	
5000	Clearing Account
5001	University Reserve
5002	Operating Reserve
5003	Financial Aid Reserv
5004	Prop Acquisitn Reser
5005	Special Aux Transfer
5010	Unallocated Budget
5012	New Position Reserve
5100	Investments
5150	P-Card Clearing
5200	Prem/Disc On Invest
5300	Accrued Interest
5400	Bond Redemption
5500	Interest On Bonds
5510	Bond Disc Amort
5520	Bond Ins Amort
5530	Bond Issuance Am
5540	EFA Fees
5550	Trustee Exp
5560	Unreal Loss On Inves
5600	Compensation Awards
5700	Fire & Casualty
5800	S.G.A.
5820	E.F.A.
5830	Indirect Cost
5900	Refunds & Adjustment

Object Code	Description
<u>Financial Aid</u>	
6000	State Aid
6300	Stipends
6301	Tuition And Fees
6302	OSRP Freshman
6303	OSRP Continuing
6304	BOT Scholarships
6305	Room And Board
6307	GAS Stipends AA
6310	Refund of Stipends
6314	FY88 Orig Alloc
6315	Misc. Waivers
6316	Tag Differential
6317	Phi Theta Kappa
6318	International St
6319	Older Adults
6320	Dist Scholars
6321	Md/Tuition Fees
6322	MGM
6323	Trust Program
6324	Survivors Scholar
6325	Liberty Science
6326	Unemployed
6327	National Guard
6328	Thistle
6329	DYFS Students
6330	GRAZ Exchange
6331	WTC Waivers
6332	Trans In Teach
6333	Afghan Students
6334	First Waiver
6335	Dependent Waivers
6350	Admin Cost Allowance
6399	Estimated Award
<u>Capital Equipment & Expenses</u>	
7000	Bldgs & Grounds
7100	New Construction
7101	Const Contingency
7102	Const Landscaping
7103	Const Sidewalks
7104	Const Parking
7105	Oth Const/Permits
7106	Minority Job Train
7107	Escalation Costs
7109	Proj Contingency
7110	Const Mgr
7120	Arch/Eng
7121	Addtl Svcs Reim
7125	Other Const
7126	Facilities Audit

Object Code	Description
<u>Capital Equip & Exp (cont.)</u>	
7130	Fine Arts Const Cost
7150	Print/Adv For Const
7200	Land
7400	Vehicles/Veh Equip
7450	Parking Attendants
7500	Non-Struct Improv
7600	Educational Equipmen
7606	Ed Equip/Furnishing
7610	Scientific Equipment
7620	Office Equipment
7625	Other
7630	Other Equipment
7640	Telecom Eq
7650	Furn-Dorm
7700	Data Processing Equip
7710	Word Processing Equip
7750	Hepp Ii Surplus
8000	Student Aid
8200	Athletic Scholar
<u>Transfers / Chargebacks</u>	
8900	Charge Back Recovery
8901	Budget Reduction
8902	Early Retie Reimb
8903	Univ Subsidy
8905	Internal Expense
8910	Cost Of Sales
8930	Films Chargeback
8941	Tele Maint Chgbk
8950	Prior Yr Bal Fwd
8975	College Contribution
8977	Equip Chargeback
9100	Mand Trans Debt Suc
9101	Mand Trans Univ
9102	Mand Trans Elf
9104	Mand Trfr - Theatre
9105	Mand Trfr - Village
9200	Non-Mand Transfers
9201	Non-Mand Trans Tuit
9202	Non-Mand Trans Fac
9203	Special Aux Trans
9204	Non-Mand Trfr-Thr
9205	Non-Mand Trfr -Vil
9206	Non-Mand Trfr Rec Center

Chart of Accounts: Pooled Object Codes

2000 MAT'L/SUPPL POOL

2010 Food Supplies
 2100 Office Supplies
 2110 A/P Wood Service
 2125 Cntl Stores
 2135 Cntl Dupl & Print
 2145 Xerox
 2150 Outside Printing
 2160 Production Supp
 2170 Micrographics Chgs
 2175 Health Ins Liab
 2200 Vehicular Supplies
 2300 Educational Supp
 2310 Library Books
 2350 Bookstore Refunds
 2355 Bookstore Pymts
 2400 Housekeeping Sup
 2405 Due To Msc
 2410 Clothing
 2415 Salaries Payable Efa
 2450 Other Mat'L/Supp
 2460 Packing Supplies

2500 FUEL & UTIL POOL

2515 Montclair Cogen
 2520 Water
 2530 Gas
 2540 Fuel Oil
 2550 Sewer
 2555 Water Treatment

3000 TRAVEL POOL

3010 Travel/Conferen
 3015 Travel Advances
 3020 Travel/Business
 3030 Prog Consult Travel
 3040 Eval Consult Travel

3100 OTH SVCS POOL

3110 Telephone Maint
 3115 Tel Use Chgs
 3116 Tel Equip Chg
 3117 Telephone Reim
 3120 A.T.&T.
 3130 Verizon
 3140 Lease/Purchase

3100 OTH SVCS POOL (cont.)

3150 Telephone Reimbur
 3200 Professional Serv.
 3210 Postage Meter
 3220 Postage Reim
 3230 Messenger Service
 3240 Pre-Sort
 3250 Postage Reimburse
 3300 Insurance
 3310 Royalties
 3400 Utilities And Fuel
 3410 Info Processing Serv
 3420 Equipment Rental
 3430 Software
 3435 Software Licenses
 3500 Equip.Rep&Maint
 3510 Food Service
 3512 Food Pymts Fall
 3513 Food Pymts Spring
 3514 Food Pymts Summer
 3515 Food Pymts Sum Con
 3520 Security Services
 3530 Refuse Collection
 3540 Armor Car Fees
 3550 Commis Exp Res Life
 3560 Commis Exp Sc Anex
 3570 Commis Exp Msc
 3600 Fac. Rep. & Maint.
 3610 Educ Consultants
 3620 Evaluation Consult
 3630 Co-Op Teachers
 3640 Honorariums
 3650 Prof. - Misc
 3655 Health Center
 3660 Legal & Audit Ser
 3670 Conf Ctr Charge
 3675 Computer Exps
 3680 Aux Ser Charge
 3690 Managerial Chg
 3800 Space Rental
 3810 Staff Training
 3820 Subs/Memberships
 3825 Regis Non-Travel
 3830 Advertising
 3835 Advert/Personnel
 3840 Recep Coll-Wide

3100 OTH SVCS POOL (cont.)

3845 Recep Vp Events
 3850 Recep Outside
 3855 Catering
 3860 Misc. Services
 3865 Payments-Grants Subs
 3870 Legal Settlement
 3871 Contra Coll Cost
 3872 Collection Costs
 3875 Off Camp Hse Exp
 3880 Dissemination
 3890 Production Costs
 3900 3900 O.T.I.S.

3960 POSTAGE POOL

3965 Postage Meter
 3970 Postage Stamps

4000 MAINT CHGS POOL

4010 Building Maintenance
 4020 Grounds Maintenance
 4100 Equipment Maint
 4110 Office Equip Maint
 4120 Educ Equip Maint
 4130 Library Equip Maint
 4140 Lab Equip Maint
 4150 Data Pros Equip Main
 4160 Maintenance Equip
 4170 Other Equip Maint
 4180 Computer Exp
 4200 Vehicle Maintenance
 4300 Efa Capital Exps
 4380 Unreal Gain/Loss
 4400 Rent/Bldgs & Grounds
 4410 Rent Res Life
 4420 Rent Student Center
 4450 Facilities Chg
 4500 Rent/Vehicular
 4600 Recurring Maint
 4700 Other Fund Additions
 4710 Equipment Rental
 4720 Charter Rental
 4730 Films Rental
 4800 Depreciation Pool
 4900 All Other Exp

Glossary

Account: *A formalized grouping of revenues or expenditures, presented by pool level object codes and minor object codes. Within object codes the account reflects fiscal year budget, actual expenditures, encumbered expenditures and the available balance within pool object codes and in account total.*

Account Number: *A systematic numeric classification of University ledger accounts.*

Accrual Basis Accounting: *The most commonly used accounting method, which reports income when earned and expenses when incurred, as opposed to cash basis accounting, which reports income when received and expenses when paid.*

Accrue: *To record revenues when earned and to record expenditures as soon as they result in liabilities for benefits received, although the receipt of cash or payment of cash may take place, in whole or in part, in another accounting period.*

Accrued Expense: *An expense that is incurred, but not yet paid for, during a given accounting period.*

Accrued Revenue: *Revenue earned during the current accounting period but which is not to be collected until a subsequent accounting period.*

Allocate: *To divide a lump-sum appropriation into parts which are designated for expenditure by specific organization units and /or for specific purposes, activities, or objects.*

Amortization: *The gradual elimination of a liability in regular payments over a specified period of time. Such payments must be sufficient to cover both principal and interest.*

Annual Operating Budget: *This is the financial plan of the University's activities for a fiscal year. It represents the summation as well as the details of divisional and departmental plans.*

Asset: *Any item of economic value owned by an individual, institution or corporation.*

Audit: *An examination and verification of financial and accounting records and supporting documents by a professional, such as a Certified Public Accountant.*

Auxiliary Enterprises: *Activities of the University, which furnish a service to students, faculty or staff on a fee basis. The fee is directly related to, but not necessarily equal to, the cost of the service. Examples include residence halls and stores.*

Balance Sheet: *A quantitative summary of the University's financial condition at a specific point in time, including assets, liabilities, reserves and equities of a fund.*

Base Change: *A permanent change in the projected budget base for the next fiscal year.*

Bond: *A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date(s) in the future, called the maturity date(s), together with periodic interest at a specified rate.*

Book Value: *The value of an asset as it appears on a balance sheet, equal to cost minus*

accumulated depreciation.

Budget: *An itemized forecast of income and expenses expected for a given period and the proposed means of financing them.*

Budget Call: *A general discussion of the proposed budget as presented in writing by the Budget Director to the University Community. The Budget Call contains an explanation of the principal budget items, an outline of the University's experience during the past period and its financial status at the time of the call, and recommendations regarding the financial policy for the coming period.*

Capital Asset: *All tangible property which cannot easily be converted into cash and which is usually held for a long period, including real estate, equipment, etc.*

Capital Expenditure: *Money spent to acquire or upgrade physical assets such as buildings and machinery, also called capital spending or capital expense.*

Closing: *A periodic reconciliation of accounting transactions made at the end of an accounting period. On an annual basis, all temporary accounts related to revenues and expenses are transferred to permanent accounts for financial statement purposes.*

Contingent Liabilities: *Items which may become liabilities as a result of conditions that are undetermined, such as guarantees, pending law suits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts.*

Cost Accounting: *The process of identifying and evaluating activity or operation costs for a specific purpose.*

CPI (Consumer Price Index): *An inflationary indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation. The CPI is published monthly. CPI is also called cost-of-living index.*

Current Assets: *A balance sheet item which equals the sum of cash and cash equivalents, accounts receivable, inventory, marketable securities, prepaid expenses, and other assets that could be converted to cash in less than one year.*

Current Funds: *Resources that are expended for operating purposes during the current fiscal period. Current funds are classified as unrestricted, internally designated, or restricted.*

Current Liabilities: *A balance sheet item, which equals the sum of all money owed and due within one year. Also called payables or current debt.*

Current Revenue: *Revenues of the University that are available to meet current fiscal year expenditures of the current fiscal year.*

Debt Service Requirement: *The amount of money required to pay the interest on outstanding debt, serial maturities of principal for serial bonds, and required contributions to a debt service fund for term bonds.*

Depreciation: *The allocation of the cost of an asset over a period of time for accounting purposes: a decline in the value of a property due to general wear and tear or obsolescence.*

Direct Costs: *Costs incurred by a division or department that are related to current academic and administrative activities.*

Division: *A major organizational component under the direction of a University executive. A Division may be comprised of several departments and accounts.*

Division Number: *A systematic numeric classification of the University's organizational structure by department and account.*

Encumbrances: *Contingent liabilities in the form of purchase orders, contracts, or salary commitments charged and reserved in an object code to reflect the amount of these liabilities in the accounting system and attempt to prevent overspending.*

Endowment Funds: *A fund group used to record donations to the University requiring that the principal is invested and only the interest income is expendable. Interest income earned on these funds is returned to the campus and expended in the current funds group.*

Expenditures: *Expenditures are recorded when liabilities are incurred. If the accounts are kept on the accrual basis this term designates the cost of goods delivered or services rendered, whether paid or unpaid, including expenses, provision for debt retirement not reported as a liability of the fund from which retired, and capital outlays.*

Expenses: *Charges incurred, whether paid or unpaid, for operation, maintenance, interest, and other charges that are presumed to benefit the current fiscal period.*

FASB: *Financial Accounting Standards Board.*

Fiscal Agent: *Person or persons fiscally responsible for an account.*

Fiscal Year: *A twelve-month period of time to which the annual budget applies and at the end of which the University determines its financial position and the results of its operations. The Montclair State University's fiscal year begins July 1.*

Fixed Assets: *Assets of a long-term character, which are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.*

FRS (Financial Reporting Systems): *A mainframe computer software system, which supports the Accounting, Budgeting, and other University financial management functions. The system provides on line compatibilities for entering and uploading financial data and viewing ledger accounts as well as generating both standard and custom reports.*

Fund: *A fund is a segregation of resources established to control and monitor those resources for the purposes of carrying on specific activities or attaining certain objectives in compliance with legal/administrative requirements.*

Fund Balance: *The excess of the assets of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves, and available appropriations for the period.*

Fund Group: *Any one of the University's five major funds--Current Fund, Loan Fund, Endowment Fund, Plant Fund, or Restricted Fund.*

GASB: *Government Accounting Standard Board*

Grant: *Funds provided by an outside private or governmental source, the acceptance of which creates a contractual agreement between the parties. The University agrees to use the funds for the purposes specified subject to the conditions of the grant.*

HEPI (Higher Education Price Index): *This price index measures the effects of inflation on the primary goods and services purchased by colleges and universities for their annual operations. The goods and services measured by this index include (but are not limited to): salaries, fringe benefits, supplies, equipment, books and utilities.*

Historical Cost: *The amount paid, or liability incurred, by an accounting entity to acquire an asset and make it ready to render the services for which it was acquired.*

Indirect Costs: *Indirect costs are those incurred by the University to support sponsored or special programs but that cannot be directly traced and charged to a specific program. The University attempts to recover all these support costs by applying an indirect cost rate for each sponsored or special program. Depending on the particular type of program proposed, an appropriate indirect cost rate is applied to Modified Total Direct Costs (MTDC). Modified Total Direct Costs are calculated as Direct Costs less equipment and capital expenditures, scholarships and fellowships, remitted tuition, rental costs, and the portion of subcontracts in excess of \$25,000 (as per the Federal OMB Circular A-21).*

Investments: *Assets held for the production of income in the form of interest, dividends, rentals, or lease payments.*

Lapsed Salary: *Available funds generated from personnel positions that remain vacant for periods of time due to employee turnover, sabbaticals, leave without pay, and/or delays in hiring.*

Ledger: *A formalized grouping of 'Accounts', which relate to specific programs or activity, for example Ledger 1- groups revenue accounts, Ledger 2- expenses, and Ledger 3- revenue and expenses.*

Liabilities: *Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed, or refunded at some future date.*

Line-Item Budget: *A detailed expense or expenditure budget, classified by object code within each account.*

Long-Term Debt: *Debt with a maturity of more than one year after the date of issuance.*

Municipal Bond: *A bond issued by a local governmental unit.*

NACUBO: *National Association of College and University Business Officers.*

Net Income: *A term used in accounting to designate the excess of total revenues over total expenses for an accounting period. Not-for-profit entities do not recognize such excesses as "income," but designate amounts as transfers or increases in fund balances.*

Non-Tenure Track Position: *A permanent, full-time faculty position in which the incumbent is not eligible for tenure considerations.*

Object Code: *Detailed designations of expenditures that sub-divide accounts.*

Operating Revenues: *Income derived from the day-to-day operations of the University as a result of the core transactions that include teaching, research and providing services.*

Plant Funds: *A fund group maintained to account for: (1) the acquisition of physical properties to be used for institutional purposes, (2) funds set aside for the renewal and replacement of institutional properties, (3) funds for retirement of indebtedness on institutional properties, and (4) funds expended and invested in institutional plant properties.*

Principal Investigator: *A faculty member and an author of a proposal with the scientific or technical expertise to carry out the proposed activity and the client who receives service and support from the institution.*

Requisition: *A request, usually from one department to the purchasing officer or to another department, for specified articles or services.*

Revenues: *Current year income which has accrued from tuition and fees, auxiliary enterprises, federal grants, contracts, gifts, investments, endowment, indirect cost recovery, or similar sources.*

Revised Budget: *A change in the budget from the approved July 1 annual budget.*

Statement of Financial Position: *Presents the overall financial condition of the University at regular intervals. It provides important insight into the management of assets and contributing factors to its results of operations.*

Strategic Budget: *A multi-year budget, which is an integral part of a long-range plan.*

Temporary Faculty Position: *A full-time faculty position that is temporary for one semester or one year and is not part of the College or School's permanent faculty base. The incumbent is not eligible for tenure considerations based on this employment.*

Tenure Track Position: *A full-time faculty position in which the incumbent is eligible for tenure consideration at some future date or has been given tenure status.*

Tuition Discount Ratios: *The ratio of financial aid to tuition revenue. This ratio indicates the level by which tuition could be reduced if no financial aid were given. It also shows the amount spent on financial aid compared to a dollar of tuition revenue*

University Funds: *Categorized as restricted fund, in that the use of the funds is designated by the University rather than through an external agency.*

Zero-Based Budget: *Budgeting method in which all expenditures must be justified each year, not just amounts in excess of the previous year.*