

# Budgeting at Montclair State University

## Overview for Budget Managers



January 6, 2020

# Introduction

- This presentation is for new budget managers and other new staff that will be involved in budgeting unrestricted operating funds (non-grant and non-capital).
- Overview of the concepts, departments, systems, and processes for budget management.
- See Budget and Planning website for the complete *Budget Policies & Procedures* manual.
- This is not a training guide. Staff responsible for budgeting must attend training for Workday Financials, and division/college budget managers must attend training for Adaptive Insights.

# What is a budget?

- A **budget** is a plan or forecast of revenues (income), expenses (spending), or both, for a future specified time frame such as a fiscal year.
- A **budget** is also a spending allowance.
- *Planned* revenues and expenses are **budgets**, but *real* revenues and expenses are called **actuals**.

	FY2015 Budget	FY2015 Actual
<b>Revenue</b>		
40201 - DEPARTMENT FEES	57,073	62,732
42709 - GIFTS&NON-EXCHG GRAN	10,000	3,926
<b>Total Revenue</b>	<b>67,073</b>	<b>66,658</b>
<b>Expense</b>		
<b>50000 - PERSONNEL POOL</b>		
55005 - TEMPORARY EMPLOYEES	13,341	12,584
57005 - STUDENT EMPLOYEES - UG	-	-
59810 - FRINGE BENEFITS	1,020	852
<b>Total</b>	<b>14,361</b>	<b>13,436</b>
<b>60000 - NON PERSONNEL POOL</b>		
60125 - OFFICE SUPPLIES	713	242
60514 - CATERING FOOD & BEVERAGE	29,417	29,417
<b>Total</b>	<b>30,130</b>	<b>29,659</b>
<b>Total Expense</b>	<b>44,491</b>	<b>43,095</b>
<b>Net Income</b>	<b>22,582</b>	<b>23,563</b>

# Office of Budget and Planning

- The Office of Budget and Planning (Budget Office) reports to the President and works closely with Finance and Treasury. Duties include:
  - manage the University's operating and capital appropriations
  - oversee the annual budget planning process
  - provide end-user budget reports
  - approve budget transfers and re-allocations
  - Maintain a balanced budget
  - analyze trends and recommend policies
  - link budgets with strategic planning
  - prepare the annual State appropriation request
  - manage the *Adaptive Insights* system for budget planning
- For policies and forms, see [www.montclair.edu/budget-planning/](http://www.montclair.edu/budget-planning/)



# Division of Finance and Treasury

- Finance and Treasury reports to the President. Duties are:
  - financial management
  - Controller, accounts payable and accounts receivable
  - grant accounting and grant budgeting
  - student accounts (bursar)
  - procurement (purchasing)
  - investments, debt management, and auditing
  - real estate management
  - risk management
- See [www.montclair.edu/finance-and-treasury/](http://www.montclair.edu/finance-and-treasury/) for F&T policies and forms.



# MSU Foundation

The Foundation is a separate not-for-profit 501(c)(3) corporation. It has been designated by the Board of Trustees of MSU to:

- solicit, receive, hold and manage funds and investments on behalf of the University.
- ensure professional management and stewardship of contributions to support specific programs and projects at MSU, endowment funds, in particular.
- maintain strict adherence to donors' philanthropic intentions.
- Support MSU cost centers in the receipt and use of donor funds.

# Budget Cycle



- **Budget Call**, the process to develop next year's budget, begins in March and ends in June.
- The annual operating budget exists for the duration of a **fiscal year**, July 1 to June 30.
- Budgets are monitored throughout the fiscal year by Division Managers, Cost Center Managers and the Budget Office.
- In June, the Budget Office makes **year-end close** adjustments, such as transfers to capital.

## Budget & Planning Calendar\*

- State Appropriation Request Nov 1
- Budget Call begins Mar 1
- Budget Call deadline April 15
- Budget Call hearings May—June
- **Old Fiscal Year ends June 30**
- **New Fiscal Year begins July 1**

\* Dates are approximate.

# Systems & Data Integration



## *Systems Used for Budget Management:*

- **Workday Financials** is the official financial transaction system for procurement and accounting. It also stores approved budgets, and budget-checks transactions against the remaining budget.
- **Adaptive Insights** is the system for developing the annual operating budget, which is then uploaded to Workday Financials. It also provides reports using data imported from Workday. Training: Contact Kevin Andreano, X7053.

## *Systems that Interface with Workday and Adaptive Insights:*

- **Workday – Human Capital Management (HCM)**. Position budgets, payroll distributions, and all HR business processes.
- **Student/Banner**. Systems for student registration and student billing. Feeds tuition and fee revenues to Workday.



# Budget Managers



- VPs and Deans have budget responsibility for their division or college. Each division and college also has a designated budget manager, referred to in Workday as **division manager**.
- A **cost center manager** is a Workday user, typically a department head, that is responsible for approving purchases and managing their budget.
- Division manager and cost center managers are accountable for financial performance against their budgets, and must follow University policies.

# Worktags



- Worktags enable accountability through financial tracking and reporting. Each budgetary or financial transaction contains required worktags such as:
- **Fund** segregates funding sources that have different allowable uses and policies. See next slide for list.
- **Cost Center** code such as: **CC10118 Psychology**, designates the organization such as a department or program. In Adaptive this is called a **Level**.
- **Ledger Account** is used to specify a type of revenue or expense such as **70405-Computer Equipment**.
- **Program** is a NACUBO classification system used for reporting.
- **Revenue Category** or **Expense Category** classifies at a more granular level than ledger account.
- **Gift, Grant** or **Project** are required when those funds are being spent.

# Fund Worktag

**Fund** segregates funding sources and their allowed uses.

- F10: Unrestricted Operating Fund
- F11: Auxiliary Fund (e.g. residence life, recreation center)
- F12: Self-Supporting Fund (revenue centers)
- F13: Special Program Fees
- F14: Indirect Cost Share (grant F&A overhead)
- F16: Grants Cost Sharing Fund
- F20: Sponsored Awards Fund (restricted grants, sponsored research)
- F30: Financial Aid
- F60: Gifts – Unrestricted Fund
- F61: Gifts – Restricted Fund
- F79: Investment in Plant Fund
- F90: Agency funds “held for others” such as clubs.

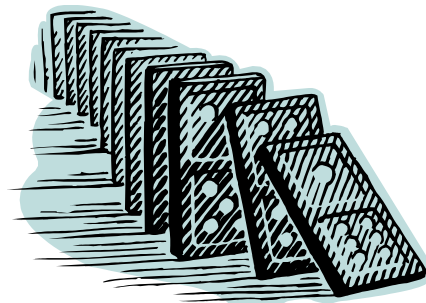
# Budget Call



- MSU uses Adaptive Insights to develop the annual budget for the next fiscal year, a process referred to as **Budget Call**.
- Budget Office sets divisional **base budget targets** for Fund F10. Divisions make non-personnel reallocations within their target.
- Funds F11-F14 are self-supporting. Managers forecast revenue and expense budgets that meet net income goals.
- VPs and Deans request “supplemental” budget for new positions or incremental costs.
- Budget Office reviews submissions, and budgets personnel and fringe. Divisions attend budget hearings with the President.
- Approved budgets for the coming year are loaded from Adaptive to Workday.
- In July, the Board of Trustees approves the new budget.

# Budget Call - Planning Factors

- Projected future **enrollment** or **clients** are the key **drivers** of revenues such as tuition, fees and sales. These factors also drive instructional or program expenses such as adjunct salaries or supplies.
- Prior and current **spending patterns** help managers predict future spending patterns.
- **Planned program enhancements** may indicate the need for budget re-allocations or supplemental funding.



# Budget Call - Entry Sheets



- Adaptive Insights has **sheets** for entering proposed budgets, and making supplemental requests.

ACCOUNTS	FY2018	FY2019
▼ Income		
▼ 40000 - REVENUE POOL		
▼ 43000 - RENTAL INCOME POOL		
43012 - RENTAL INCOME		112,879
Total		<b>112,879</b>
▼ 44000 - OTHER INCOME POOL		
44242 - CONTRIBUTION REVENUE (inactive)		850
44245 - OTHER REVENUE	67,059	0
44252 - INTERNAL REVENUE	-262	8,200
Total	<b>66,797</b>	<b>9,050</b>
▼ 47000 - NON OPERATING INCOME		
47209 - GIFTS&NON-EXCHG GRAN	259	100
Total	<b>259</b>	<b>100</b>
Total	<b>67,056</b>	<b>122,029</b>
Total	<b>67,056</b>	<b>122,029</b>
▼ Expenses		
▼ 50000 - PERSONNEL POOL		
▶ 54000 - SUPPORT STAFF POOL	1,178	
▼ 55000 - PT (NON-INSTR) STAFF POOL		
55005 - TEMPORARY EMPLOYEES	22,715	15,225
55011 - SUPPLEMENTAL PAY - NON-INSTRUCTION	500	1,450
Total	<b>23,215</b>	<b>16,675</b>

# Budget Call - Planning in Fund F10

- Fund F10 cost centers generally consist of expenses only. Budget one cost center at a time. Get your target from your division budget manager.
- Unless instructed otherwise by the Budget Office, copy *full-time personnel, adjunct, and fringe* budgets into your proposed budget for next year. The Budget Office will forecast the negotiated salary increments. Budget managers will then re-balance, as needed.
- For *temporary personnel* and *non-personnel* accounts, *do not* simply copy your base budgets to the next year. Review your *actuals* and upcoming plans, and re-allocate funds based on where you plan to spend. Run the Adaptive Insights report to make sure the budget is within target.

# Budget Call - Funds F11-F14

- First, review prior and current year *actual* revenues.
- Forecast increases or decreases in your future *revenues*. For example, will enrollment or sales go up or down and by how much? What fee rates will you charge next year?
- Next, budget Personnel *expenses* with projected salary increases. Contact the Budget Office for the estimated % increase.
- Budget for non-personnel costs using prior year as a guide.
- For **revenue centers/fund F12**, budget 20% of total expenses, excluding equipment, as the **indirect cost recovery** charge for University facilities and administrative overhead. Auxiliaries are charged directly for services, so do not budget indirect cost.
- Adjust expense budget so as not to exceed revenue budget.



# New Program Budget Planning

- Departments seeking approval of a new program submit a business plan and 3-year budget forecast to their VP or Provost. Use the *Budget Worksheet for New Programs* available on the Budget and Planning website.
- If the program is a revenue center, revenues and expenses should balance show a surplus.
- If a program has been approved and requires separate accounting, the manager may request a new cost center worktag using the *Worktag Request Form* available on the Finance & Treasury website.



# Weekly Adaptive Reporting



- After budgets are approved and the new fiscal year begins, budget managers can also use Adaptive Insights reports to monitor budgets. Data are imported weekly from Workday into Adaptive.
- Adaptive reports can be exported to Excel.
- Note: Use Workday reporting for *real-time* actuals and budget availability, procuring goods and services, or investigating invoices.

MONTCLAIR STATE UNIVERSITY		Budget Variance Report		
		Department:	2206101 - ENGLISH	
		Fiscal Year 2019		
Account	Revised Budget	Actuals	Available Balance	
44245 - OTHER REVENUE	317	317	-	
<b>TOTAL REVENUE</b>	<b>317</b>	<b>317</b>	<b>-</b>	
51005 - FACULTY - TENURE/TT	2,450,261	2,281,624	168,637	
51015 - TEMPORARY FACULTY	-	-	-	
51035 - SABBATICAL	-	137,419	(137,419)	
52005 - ADJUNCTS	516,869	381,325	135,544	
52015 - OVERLOAD	6,947	22,586	(15,639)	
54005 - ADMINISTRATIVE SUPPORT	73,786	75,873	(2,087)	
55006 - MENTORS TO STUDENT TEACHERS	-	319	(319)	
58004 - PAYROLL RETRO	-	1,222	(1,222)	
59004 - FRINGE BENEFITS RETRO	-	196	(196)	
59315 - ABP EMPLOYER	-	100	(100)	
59810 - FRINGE BENEFITS DISTRIBUTION	818,218	717,517	100,701	
<b>SUBTOTAL PERSONNEL</b>	<b>3,866,081</b>	<b>3,618,180</b>	<b>247,901</b>	
60125 - OFFICE SUPPLIES	2,972	2,689	282	
60128 - OTHER SUPPLIES	700	127	574	

# Workday Financials & Reporting

- Workday Financials is the official financial transactional system for MSU and it is updated continuously.
- Workday shows current approved budgets which should be checked for availability before spending. Purchase requisitioning requires sufficient available budget.
- The report, Operating Budget Variance, shows budget availability, summarized by account for a particular cost center.

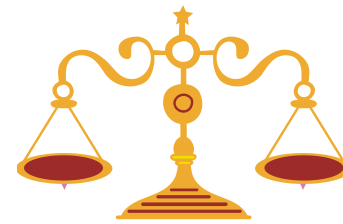
Montclair State University		FY 2020						
Report ran on 12/11/2019 for Period FY 2020 - 06 Dec		Original Budget	Amendments	Revised Budget	Actuals	Obligation	Commitment	\$ Remaining
Personnel Summarized		1,256,672.51	0.00	1,256,672.51	282,187.07	730,161.00	0.00	244,324.44
Temporary Personnel		29,392.00	0.00	29,392.00	10,360.00	0.00	0.00	19,032.00
55005:Temporary Employees		29,392.00	0.00	29,392.00	10,360.00	0.00	0.00	19,032.00
55011:Supplementalpay-Noninstruction		0.00	0.00	0.00	0.00	0.00	0.00	0.00
57005:Student Employee - Ug		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Personnel Expense</b>		<b>1,286,064.51</b>	<b>0.00</b>	<b>1,286,064.51</b>	<b>292,547.07</b>	<b>730,161.00</b>	<b>0.00</b>	<b>263,356.44</b>
General Operating		10,969.00	200.00	11,169.00	0.00	0.00	0.00	11,169.00
60101:Materials & Supplies		7,609.00	200.00	7,809.00	0.00	0.00	0.00	7,809.00
60401:Postage and Delivery		936.00	0.00	936.00	0.00	0.00	0.00	936.00
60501:Services and Fees		700.00	0.00	700.00	0.00	0.00	0.00	700.00

# Workday Budget Checking

- Workday tracks budgets, actuals, obligations (purchase orders), commitments (requisitions), reserved journals, and the remaining budget.
- Budget-checking stops transactions that exceed remaining budget.
- Transactions are budget-checked against the remaining budget in the **ledger account summary** (pool) such as General Operating, Travel, or Advertising and Marketing. This pool is the sum of the ledger accounts that roll up to it.

Report ran on 12/11/2019 for Period FY 2020 - 06 Dec	Original Budget	Amendments	Revised Budget	Actuals	Obligation	Commitment	Reserved Journals	\$ Remaining
General Operating	15,029.00	(400.00)	14,629.00	0.00	0.00	0.00	200.00	14,429.00
60101:Materials & Supplies	1,482.00	(400.00)	1,082.00	0.00	0.00	0.00	200.00	882.00
60201:Rental	277.00	0.00	277.00	0.00	0.00	0.00	0.00	277.00
60401:Postage and Delivery	2,069.00	0.00	2,069.00	0.00	0.00	0.00	0.00	2,069.00
60501:Services and Fees	11,201.00	0.00	11,201.00	0.00	0.00	0.00	0.00	11,201.00
Travel	0.00	400.00	400.00	145.00	0.00	90.00	75.00	90.00
62001:Travel - NonStudent- Domestic	0.00	400.00	400.00	145.00	0.00	90.00	75.00	90.00
Advertising and Marketing	1,801.00	0.00	1,801.00	0.00	0.00	0.00	0.00	1,801.00
63001:Advertising and Marketing	1,801.00	0.00	1,801.00	0.00	0.00	0.00	0.00	1,801.00

# Budget Management

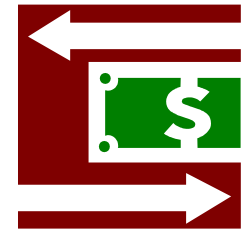


- Cost center managers are responsible for managing their budgets.
- Fund F10 spending may not exceed the approved expense budget, except for fringe benefits.
- Self-supporting programs use funds F11-F14. These budgets forecast both revenues and expenses. Managers keep spending within actual revenues, not the budgeted revenue which was an estimate.
- If total actual revenues are greater than total actual expenses, the revenue center has a **surplus**.
- In October, managers may request **carry-forward** budget equivalent to *prior* year **cumulative** surplus (net assets).
- If expenses are greater than revenues, the cost center has a **deficit** and must underspend future revenues to eliminate the deficit.

# Budget Types

- **Original** budget reflects the original Board approved budgets imported from Adaptive Insights.
- **Permanent** budget amendments are changes to the original budget that will be included in next year's **base budget**.
- **Temporary** budget amendments are changes to the original budget during the current fiscal year, and not part of next year's base budget.
- **Revised Budget** reflects the current budget, after any budget amendments to-date.

# Budget Amendments in Workday



- A **budget amendment** is used to increase or decrease a budget in Workday. Since we require all budget amendments to be balanced, they are essentially budget transfers.
- Budget re-allocations made during the annual Budget Call become the base budget, reducing the need for budget amendments later on.
- Once the new fiscal year begins, authorized staff enter budget amendments online in Workday and require approval by the cost center manager and the Budget Office. Most amendments are temporary for the current fiscal year only, and will not alter your base budget for the next fiscal year.

# Budget Office Contacts



- David Josephson, *Executive Director, x6956*
- Carole Schaffer, *Associate Director, x6946*  
*Liaison to CART, CSAM, Finance and Treasury, University Communications and Marketing, and University Development*
- Deborah Fernbacher, *Senior Budget Analyst, x4056*  
*Liaison to President's Office, Provost, Graduate School, Library, Office of Information Technology, and University College*
- Kerry Semple, *Budget Analyst, x7496*  
*Liaison to CEHS, CHSS, SBUS, School of Nursing, Human Resources, and University Facilities*
- Kevin Andreano, *Assistant Director of Data Management, x7053*  
*Liaison to Student Development & Campus Life*
- Nikyia Rogers, *Data Analyst, x6808*  
*Resource Planning*
- Maria Wellins, *Professional Services Specialist/Admin, x7428*