



BUDGET POLICIES & PROCEDURES

JULY 11, 2018

OFFICE OF BUDGET & PLANNING, MONTCLAIR STATE UNIVERSITY

TABLE OF CONTENTS

1	INTRODUCTION	3
1.1	Montclair State University Budget.....	3
1.2	Budget Management	3
2	OFFICES FOR BUDGETING & FINANCE.....	3
2.1	Office of Budget and Planning	3
2.2	Office of Finance and Treasury.....	4
2.3	Division & College Budget Managers	5
2.4	Department Managers	5
2.5	MSU Foundation	5
3	BASIC CONCEPTS.....	6
3.1	Accounting Standards.....	6
3.2	Fund Accounting	6
3.3	Fiscal Year and Accounting Periods	7
3.4	Revenue, Expense, Net Income – A Balanced Budget	7
3.5	Budgets vs. Actuals – Basics.....	8
4	UNIVERSITY COMPUTER SYSTEMS	8
4.1	Adaptive Insights – Budget Planning and Reporting.....	8
4.2	PeopleSoft Financial Management System	9
4.3	Systems that Interface with FMS and Adaptive Insights.....	9
5	CHARTFIELD STRUCTURE	9
5.1	Chartfield Structure.....	9
5.2	Chart of Accounts	10
5.3	Fund Definitions.....	11
5.4	Commitment Control and Budget “Pools”	12
6	BUDGET CYCLE	12
6.1	Cycle Overview.....	12
6.2	State Budget Submission	13
6.3	Budget Call – Annual Budget Development Process.....	13
7	ANNUAL “BUDGET CALL” PROCESS & GUIDELINES.....	13
7.1	Process Overview.....	13
7.2	Revenue - Tuition and Fees	15
7.3	Revenue - Other	16
7.4	Revenue – Private Gifts & Grants – MSU Foundation	16
7.5	Revenue - Earnings by Self-Supporting Departments	17

7.6	Expense Budgets - Personnel.....	17
7.7	Expense Budgets – Non-Personnel.....	18
7.8	Expense Budgets – Marketing & Advertising.....	18
7.9	Expense Budgets - Copiers and Computers.....	18
7.10	Charge-backs for Postage, Telephone, Parking, Etc.....	19
7.11	Supplemental Requests.....	19
7.12	New Program Approval.....	19
8	BUDGET GUIDELINES.....	19
8.1	Accountability.....	19
8.2	Commitment Control Budgets & Purchasing/Procurement.....	19
8.3	Reports & Tools.....	20
8.4	Budget Journals & Budget Transfers.....	20
8.5	Carry-forward Budget Requests for Revenue Centers.....	22
8.6	Salary Savings.....	22
8.7	Revenue-Sharing Policy Related to Certain Revenue-Generating Educational Programs and Initiatives.....	23
8.8	Indirect Cost Recovery/Revenue Center Overhead.....	24
8.9	Indirect Cost Share/Grant Facilities & Administration (“F & A”).....	24
8.10	Course & Lab Expenses.....	25
8.11	Special Program Fees.....	26
8.12	Cost Share.....	26
8.13	Marketing, Advertising and Promotion.....	26
8.14	MSU Foundation Funding Requests.....	26

1 INTRODUCTION

1.1 Montclair State University Budget

The budget is the primary instrument of fiscal control and, accordingly, contains all projected revenues and expenditures of the administrative and academic programs of the University, also characterized as Unrestricted Current Funds.

The budget expresses, in terms of dollars, the funded programs and plans of the University for the fiscal year and the estimated incomes necessary to finance these programs and plans. Montclair State University receives about 57% of its support from student tuition and fees and 20% from auxiliary enterprises, such as Residence Life. State Appropriation comprises about 19% revenues. Changes in State funding, therefore, impact the University's flexibility in funding new initiatives and supplemental requests. Other sources of funds include, private gifts, grants and miscellaneous sources totaling 4% of revenues.

1.2 Budget Management

In accordance with New Jersey statute, the Board of Trustees has general supervision over the University and its budget. The Board establishes tuition and fees and disburses "all monies appropriated to the University and all monies received from tuition, fees, auxiliary services and other sources."

The Office of Budget & Planning is responsible for facilitating the annual budget process and for overseeing budget management throughout the year. Partnering with the Board of Trustees, President, the Provost, Vice Presidents and Finance & Treasury, the Budget Office allocates budgetary resources while upholding State and University financial policies.

Divisions, colleges, and their departments are responsible for identifying resources needed to achieve the goals set forth in strategic plans. They are accountable for achieving revenue goals and for managing spending within their approved budgets.

Note: This manual does not address grants, capital projects or agencies (clubs). It does not contain policies and procedures for accounting or procurement. See Finance & Treasury website.

2 OFFICES FOR BUDGETING & FINANCE

2.1 Office of Budget and Planning

The Office of Budget and Planning (Budget Office) reports to the President of Montclair State University. It works with, but is separate from Finance & Treasury. Budget & Planning's primary responsibilities are to:

- Prepare the annual budget submission to the State of New Jersey.
- Support the President, Executive Council, and Board of Trustees on budget matters.
- Manage resource allocation for the University
- Develop and monitor the University's annual budget.
- Link University budgets with strategic planning.
- Approve budget transfers and funding requests for new initiatives.
- Report on variances between actuals against budgets.
- Provide analysis for departments and the University.
- Manage the *Adaptive Insights* system used for budgeting and reporting.
- Allocate funding to capital projects and plant reserves.

The Budget Office website is located at www.montclair.edu/budget-planning/. Each division is assigned a budget staff member as their liaison, listed below. If you have any suggestions for improvements to this manual, please call (973) 655-7428 or e-mail us at budget@mail.montclair.edu.

Staff Member	Contact For	Telephone	Email
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2.2 Office of Finance and Treasury

Finance & Treasury reports to the President and is responsible for:

- Financial management and enforcement of government requirements
- Accounts payable (A/P) and accounts receivable (A/R)
- Grant Accounting and grant budgeting
- Student accounts (bursar)
- Procurement & pCard (purchasing)
- Investments
- Debt management
- Auditing

2.3 Division & College Budget Managers

Each division and college employs a “budget manager.” They may bear the title of Budget Manager, or Associate Dean, or another managerial title reflecting responsibility for budgeting or operational management. Their responsibilities include, at minimum:

- Support the Vice President or Dean in developing and monitoring budgets
- Support and educate the Department Managers within the division or college
- Know and enforce University policies and procedures
- Serve as liaison to the Office of Budget & Planning, and to Finance & Treasury
- Learn and use the budgeting system (Adaptive Insights), financial system (PeopleSoft FMS) and other systems necessary to perform job responsibilities

2.4 Department Managers

“Department Manager” is a designation within the PeopleSoft FMS system for employees responsible for oversight of a specific department budget. The department manager role is typically assigned to the department chair, program director, dean, etc. who oversees all aspects of the department, but may be delegated to a staff member with appropriate budget and finance credentials. At minimum, department managers are accountable for:

- Following University policy and procedure
- Developing the department’s annual budget
- Monitoring and staying on budget
- Requesting or approving requests for budget transfers
- Approving purchase requisitions
- Working with Accounts Payable and Accounts Receivable to ensure accurate posting of revenues and expenses.

2.5 MSU Foundation

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

- Solicit, receive, hold and manage funds and investments on behalf of the University

- Ensure professional management and stewardship of the contributions to support specific programs and projects at MSU, endowment funds, in particular.
- Maintain strict adherence to donors' philanthropic intentions

3 BASIC CONCEPTS

3.1 Accounting Standards

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.

3.2 Fund Accounting

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 broad fund groups currently being utilized by the University are a Current Fund, Loan Fund and Plant Fund. These are further subdivided by the FUND chartfield in PeopleSoft FMS.

Current Funds are earned revenues generated by University operations and 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 limited external restrictions with regard to their use, and are for general operations. Fund balances of unrestricted current funds are classified on a statement of financial position as unrestricted net assets.

Restricted funds are from external entities, such as donors or external granting agencies, and are restricted for specific purposes such as academic research. 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 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 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.

Within the People Soft FMS system, these fund groups are further subdivided.

3.3 Fiscal Year and Accounting Periods

Unrestricted operating funds (non-grant and non-capital) are budgeted and tracked on a fiscal year basis. The **fiscal year** begins on July 1 and ends on June 30 and is identified by the year in which the fiscal year ends. For example, the fiscal year that will begin on July 1, 2017 and end on June 30, 2018 is called FY2018. Each spring, the University closed one budget and opens a new budget for the coming fiscal year.

Within a fiscal year, there are 12 **accounting periods**, one for each month, starting with July as accounting period 1 and ending with June as accounting period 12. Financial activity sometimes occurs on a **quarterly** basis, representing 3 month periods. For example, July-Sept is the First Quarter. Oct-Dec is the Second Quarter, and so on.

3.4 Revenue, Expense, Net Income – A Balanced Budget

Proper accounting practice requires that businesses, universities and other organizations, keep track of and classify financial activity. Some basic classifications used in managing budgets day-to-day are:

Revenues (i.e. Income or Funding Sources) are earnings that come into an institution, organization or company from an external source. In a university, revenues may include tuition, fees, State appropriation, donations, grants, interest earned, program incomes, etc.

Expenses (aka Expenditures or Spending or Funding Uses) represent purchases and other costs paid out by the University to a variety of entities such as employee payroll, supply vendors, consultants, and so on.

Net Income is the mathematical difference between revenue and expense. When revenues are greater than expense, the amount represents a “surplus” or in the corporate sector, “profit.” When expenses exceed revenue this is a “deficit.”

Balanced Budget Not-for-profit and non-profit organizations, such as accredited universities, may not earn profits. Nor should they run deficits. Therefore the budget must be balanced to establish the discipline of maintaining expenditures within the expected revenues for the fiscal year.

Department and Department Hierarchy (roll-up) revenues, expenses and net income are reviewed for specific departments (e.g. Anthropology, Psychology, etc.) as well for a “roll-up” of multiple departments such as an entire College, or the entire University.

Account. Revenues and Expenses are further subdivided by the chartfield “**account**” to provide greater detail on the source of revenues, or kinds of expenditures. For example:

40101-Tuition In/State

40213-Special Program Fees

Examples of expense accounts:

51005-Faculty-Tenture

60122-Instruction Supplies

3.5 Budgets vs. Actuals – Basics

The terms below are used throughout this manual.

A **budget** is a plan or forecast of revenues, expenses, or both, for a future specified time frame such as a fiscal year. An approved expense budget serves as a spending allowance. Spending in accordance with a budget plan helps fulfill program goals and helps ensure that the University spends only as much as it earns. A budget is also a mechanism for controlling spending within a financial system, and allows spending to occur prior to the receipt of actual revenues which may flow in at a later date.

The **base budget** is the original Board of Trustees approved budget at the start of a fiscal year, plus any permanent adjustments that were designated as **original** so as to become part of the base budget for the future, such as a new personnel budget.

Actuals are the real financial transactions of revenues coming in and expenditures going out. This differs from budgets, which are a forecast and approved spending plan, not actual income or expense.

Accounting refers to the processes involved in recording all actual financial transactions in the finance system, FMS. This activity is subdivided into such areas as Accounts Payable (A/P) for expenditures and Accounts Receivable (A/R) for revenues. The University Controller oversees all Accounting practices.

Journals are the methodology used for recording all budgetary and actual financial activity. Some journals contain many lines of activity and are automated feeds from other systems. Other journals are completed manually to enter an accounting adjustment or correction.

Variance is a calculation of the difference between two pieces of data such as Actuals vs. Budgets. , as a means to determine how well actual spending is adhering to the approved budget plan.

4 UNIVERSITY COMPUTER SYSTEMS

The University's main administrative systems are: Adaptive Insights for budget development and reporting, PeopleSoft FMS for financial transactions, Work Day for human resources, and Banner Student for admissions, student billing and registration.

4.1 Adaptive Insights – Budget Planning and Reporting

Adaptive Insights is cloud-based software used at MSU to develop the annual operating budget. It is a budget planning system and not the transactional finance system. Using a variety of entry sheets, it is a tool for modeling, reviewing and finalizing proposed budgets before they are uploaded to the finance system PeopleSoft FMS. Adaptive is also a reporting tool, so on a weekly basis, actuals and revised budget data from FMS is imported into Adaptive and can be used for management reporting on budget variances and other key performance indicators. Reporting is available for unrestricted operating budgets as well as for grant reports. For access, training, or support, contact: *Kevin Andreano X7053*.

4.2 PeopleSoft Financial Management System

Financial Management System (FMS) is the live financial transactional system for procurement (requisitions and purchase orders), accounts receivable (A/R) to record revenues, and accounts payable (A/P) to record expenses. FMS also stores the approved budget which was developed in and uploaded from the Adaptive Insights system. FMS tracks, and controls available budget by issuing "errors" and "warnings" when expenditures exceed budget. For access, training or support, email [IT Service Desk <itservicedesk@mail.montclair.edu>](mailto:itservicedesk@mail.montclair.edu)

4.3 Systems that Interface with FMS and Adaptive Insights

The major University systems that exchange data with FMS and Adaptive Insights are:

- **Workday - Human Resources System.** Personnel budget plans, actual payroll distributions, and reallocations (corrections) are fed into FMS from Workday. Payroll feeds occur every pay period. In addition, position data are imported into Adaptive to provide a Personnel Roster to divisional budget managers.
- **Banner Student.** Banner provides the suite of systems for admissions, student billing financial aid, and registration. Tuition and fee revenue data come from Banner and are fed into FMS.
- **Third Party Systems.** A variety of systems across the University keep track of financial activity for certain service departments (e.g. Telephone) and revenue centers (e.g. Dining Services). These systems produce actuals journal files which are uploaded to FMS.

5 CHARTFIELD STRUCTURE

5.1 Chartfield Structure

These four chartfields are required for the creation or adjustment of every budget, and for every purchase and accounting transaction in PeopleSoft FMS:

Business Unit represents large, but distinct units within an overall company and can be used to address different accounting needs from one unit to another. The primary Business

Unit at Montclair State is MSU01. The only other business unit is MSUCP which is used only for Capital Projects budgeting and accounting.

Fund represents types of funding sources such as unrestricted funds or indirect cost (F&A) funds and aids in the processes of “fund accounting.”

Department represents the organizational unit incurring the expense or earning the revenue, such as 2203110 - Center for Archaeology. The first two digits of the chartfield indicate the Division or College to which the department belongs. For example “22” reflects that this department is within the College of Humanities and Social Sciences.

Account is the type of revenue or expense such 60125 – Office Supplies.

Certain additional chartfields such as **Project ID** and **Activity** are required for grant or capital projects. The **Product** and **Detail Code** chartfields are needed for tuition and fee revenue to indicate semester/term such as Fall, Spring, Summer, Winter. Finally some chartfields are optional but can be used for additional program tracking, such as **General Code**.

REQUIRED			
Business unit	Fund	Department	Account
A/N (5)	N (2)	N (7)	N (5)
MSU01	10	1001101	40000

REQUIRED FOR PROJECTS			Configured for Future Use
PC Business Unit	PC Project/Grant	PC Activity	Budget Ref.
A/N (5)	A/N (6)	A/N (10)	A/N (6)
MSU01/MSUCP	522094	1	120

REQUIRED FOR TUITION & FEES	OPTIONAL FOR TRACKING ACTIVITIES			Configured for Future Use
Product	Detail Code	University Event	General Code	Program
A/N (6)	A/N (10)	A (10)	A/N (10)	A/N (5)
SPRING	INSURANCE	CONVOCATION	CASUALTY	MBA

5.2 Chart of Accounts

The Chart of Accounts (CoA) consists of all the possible values for the “Account” chartfield which classifies types of revenues and expenses, or asset and liabilities. It is similar to the field “object code” in the former FRS system. Revenues are tracked in accounts beginning with “4.” Expenses are tracked in accounts beginning with 5-9, whose initial digit represents a sub-category:

Beginning with 5 = personnel expenses such as salary and fringe.

Beginning with 6 = general operating expenses such as supplies, maintenance.
Beginning with 7 = capital expenses such as major equipment and construction
Beginning with 8 = debt service and financial transfers
Beginning with 9 = contingency and reserves

5.3 Fund Definitions

The **Fund** chartfield segregates funding sources that have different allowable uses. It is required in all budgets journals and actuals journals.

- Fund 10 Unrestricted - Operating/General funds from tuition and State appropriation, used for department instructional and operating budgets and other cost centers
- Fund 11 Auxiliary - Unrestricted funds generated by revenues of Auxiliary operations such as Residence Life; funded by student fees.
- Fund 12 Revenue Centers - Unrestricted funds generated by revenues of self-funded Revenue Centers such as non-degree programs, public services, summer camps, etc.
- Fund 13 Special Program Fees - Unrestricted funds generated by revenues of student-paid fees for special academic program needs.
- Fund 14: Indirect Cost Recovery - Revenue from grant sponsor to cover Facilities & Administrative (F&A) overhead.
- Fund 15 Suspense - Transactions held correction before posting
- Fund 16 Cost Share – funding to match grants, funded by reallocation of unrestricted University funds
- Fund 19 Revolving/Clearing - clearing fund for internal charge-backs and contra-expense budgets
- Funds 20-22 – Federal Grants, State Grants, Local Grants - Restricted funds for grants and sponsored research
- Fund 23 – MSU Foundation – Restricted private grants and gifts
- Funds 30-32 Financial Aid from Federal, State, and other sources
- Fund 50 Debt Service Reserve
- Funds 40-43 Loans - Other, Perkins, State, and Federal
- Funds 70-72, 79 Capital Projects, and Investment in Plant

- Fund 80 Service Centers – Unrestricted funds generated by the delivery of specialized services such as Vivarium/Animal Care center.
- Fund 90: Agency - Funds “held for others” such as clubs. *Not* MSU funds and *not* budgeted by B&P. *Contact F&T for further information.*

5.4 Commitment Control and Budget “Pools”

Budgets in FMS are stored in the Commitment Control module in budget ledgers. Commitment Control is configured to both track and control budgets. Purchase requisitions, purchase orders, expense actuals and revenue actuals are processed through Commitment Control before they go to the General Ledger so that spent or committed dollars are subtracted from the budget and the **available budget** is recalculated and displayed in inquiries, queries and reports. When budgets are **controlled** the Commitment Control module will issue errors and warnings to prevent overspending of the available budget.

The lowest level account is call the **natural account**, or **child account**, such as 60125-OFFICE SUPPLIES. The chart of accounts is organized in a hierarchical arrangement or **Tree**, so that child accounts that are similar “roll up” to a **parent account**. For example, in the below small selection from the unrestricted commitment control tree, accounts 63005, 63008, 63010, and 63015 are all child accounts that roll up to a parent “pool” account, 63000-MARKETING POOL. For unrestricted funds, Commitment Control is configured so that Parent budget availability is checked and controlled, while child budget is only tracked. Thus, a department may overspend a child budget, so long as the other child accounts in that pool are underspent and the total parent budget has not been exceeded.

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63000 - MARKETING POOL
  63005 - ADVERT/MARKETING
  63008 - ADVERT/MARKETING CHARGEBACK
  63010 - PUBLISHING COST
  63015 - PRINTING/MARKETING

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6 BUDGET CYCLE

6.1 Cycle Overview

The University’s operating budget is developed annually starting with the **State Budget Submission**, followed by the annual **Budget Call**. The approved budget exists for the duration of a **fiscal year**, July 1 to June 30. Budgets are monitored throughout the fiscal year by division budget managers, department managers and the Office of Budget & Planning.

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.*

6.2 State Budget Submission

Every year, the University is required to submit its annual budget request to the State of New Jersey, Office of Management and Budget (OMB). The Office of Budget & Planning prepares and submits this annual request in accordance with University priorities.

Preparation for the budget request begins in the fall and is typically submitted to the State in November. Following a review by the OMB, 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, or shortly after the fiscal year begins.

The budget request format is dictated by the State and 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, highlighting key accomplishments and major changes, and advocating for funding needed to further the institution's mission
- Financial Summary, which summarizes revenues, expenditures and transfers
- Organization Charts
- Tuition and Fee Projections
- Programmatic Information, such as enrollment, expenditures and salary data
- Budget initiative requests for additional State funding

6.3 Budget Call – Annual Budget Development Process

Each spring, divisions and departments across the University submit budgets for the coming year, a process referred to as "Budget Call." Budgets requests are subject to approval by the Deans, Vice Presidents, Budget & Planning, and President. See overview below.

7 ANNUAL "BUDGET CALL" PROCESS & GUIDELINES

7.1 Process Overview

Every spring, the University develops a new unrestricted operating budget for the next fiscal year. Pending the Governor's announcement of preliminary State appropriations, the

University begins its internal budget development process on or about March 1. The Budget Office distributes a memorandum of guidelines and deadlines, referred to as the "Budget Call," to the Provost, Vice Presidents and Deans and includes:

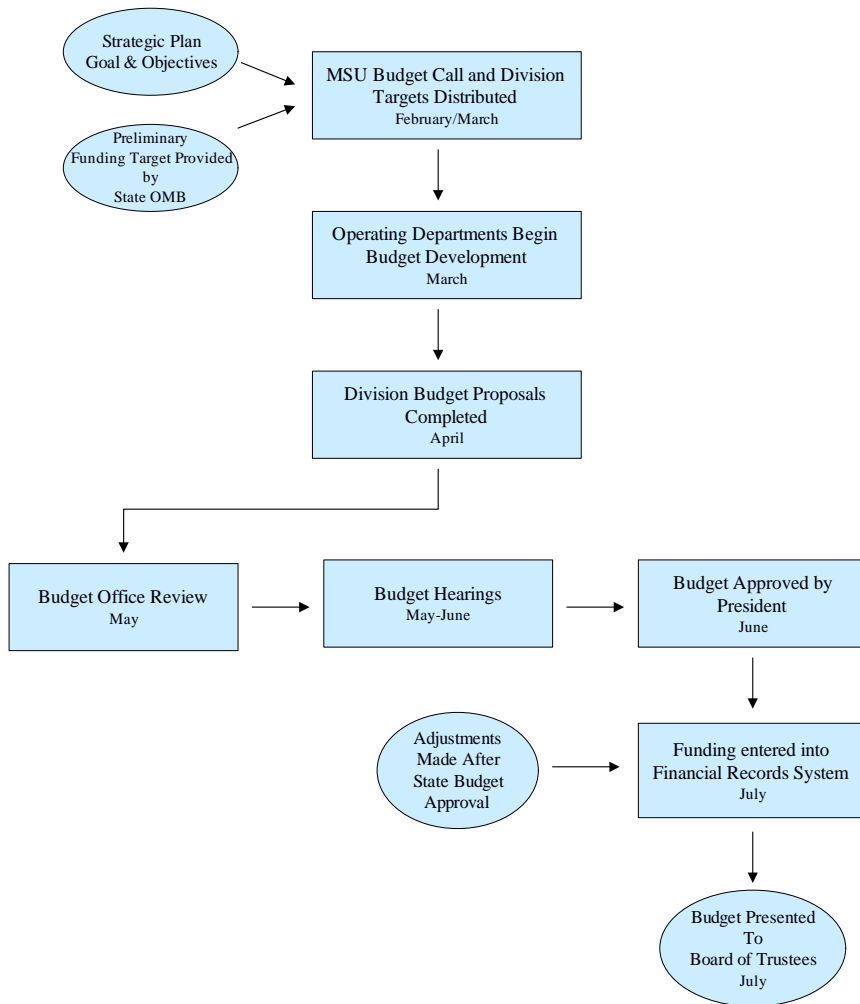
- Divisional budget targets
- Strategies and guidelines
- Instructions and links to the Adaptive Insights budgeting system

During this process, departments prepare a narrative, enter base budget allocations, make above-base "supplemental" allocations, and request computer technology and capital renovations for the next fiscal year. The following guiding principles are to be used while developing the operating budgets:

- Operating budgets will be developed with a long-term, strategic plan perspective.
- Core academic programs will be protected in order to preserve the University's essential teaching and research activities.
- Streamlining of workflows will reduce the need for temporary employees and provide opportunities to re-deploy vacant staff positions.
- Non-personnel expenditures will be managed efficiently.
- Existing resources shall be reallocated to meet the highest priorities in each division.

Each division enters requests in the Adaptive Insights online system, and submits a supporting Narrative. The Budget Office reviews the submissions and prepares executive summaries for the President. Each division has a Budget Hearing with the President and Budget Office. When the budgets are largely finalized, the Budget Office uploads them from Adaptive to FMS for the July 1 start of the fiscal year. Supplemental funding requests and other budget adjustments are added later directly in FMS, after the State announces final appropriations in July, and after approval of the budget by the Board of Trustees.

MSU Budget Development Process



7.2 Revenue - Tuition and Fees

The Board of Trustees approves the annual tuition and fee rates. Rates may be approved for a single fiscal year or for a multi-year period. Prior to finalizing rates, the Budget Office runs models of various proposed rates, varying several factors such as comparative rates of similar institutions, student enrollments, state appropriations, anticipated cost increases, economic indicators and strategic plan goals. 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 program 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.

Mandatory Student Fees

Montclair State University assesses two mandatory fees, the Student Services Fee and the Student Government Association Fee. The Student Services Fee supports intercollegiate athletics, University health services, arts and cultural programming, campus shuttle bus service, student newspaper, recreation center, student center and University ID card. Graduate students are not assessed charges for intercollegiate athletics, performing arts programs or student government association fees. Once a student registers for classes, they are responsible for all fees associated with their registration. Mandatory student fees are charged every semester and cannot be waived.

Concurrent with the annual budget process, mandatory student fees are reviewed by the Vice Presidents and Deans of the areas responsible for using the fees. Recommendations on rates for the coming year are based on anticipated costs and are reviewed by the Office of Budget and Planning. Final recommendations are approved by the Board of Trustees. Montclair State University reserves the right to change tuition and fees each academic year.

Mandatory fees and the purposes for which they are collected are published on the University's web site. Mandatory fees revenues and expenditures are tracked individually in the University's financial system.

7.3 Revenue - Other

The Budget Office budgets for State Appropriation and other centralized revenues after gathering all facts that pertain to these anticipated revenues.

7.4 Revenue – Private Gifts & Grants – MSU Foundation

Departments expecting MSU Foundation revenues in the coming year will budget a revenue in account 47209 -Private Gifts, and an equal amount in the expense account(s) that reflected the intended use of the funds. In the sample budget below the department expects to book \$8,357 in revenue from Private Gifts, which they intend to spend on Scientific Equipment. The budget is balanced because the plan for spending is equal to the plan for income.

Revenue		
	47209 Private Gifts	\$8,357
Expense		
	70465 Scientific Equipment	\$8,357

7.5 Revenue - Earnings by Self-Supporting Departments

Self-supporting departments include Auxiliaries (Fund 11), Revenue Centers (Fund 12), Special Program Fees (Fund 13) and Indirect Cost Share (Fund 14). During Budget Call, the managers of these departments will estimate how much revenues will be earned in the coming fiscal year. Estimates should be realistic, using predictors:

- Average revenue earned per year for past 5 years.
- Revenue earned in the most recent fiscal year
- Factors that may impact revenues for better or worse
- Efforts to improve advertising and enhance the program

7.6 Expense Budgets - Personnel

Permanent Staff

Budgets for permanent positions are allocated to departments based on where each employee works. Permanent staff may be full-time or a % of full-time. Faculty may be 10-month or 12-month. Budgets for positions that are shared by two or more departments, or paid for in part by grants, will be split amongst the departments or grants. These budgets cover:

- Continuing personnel budgets
- Approved newly authorized personnel
- Annual leave and/or final payments to employees such as lump sum vacation
- Short-term disability and any leave replacements the unit chooses to make
- Reclassification of a position to a new title at a higher salary)
- Fringe benefit costs

During the Budget Call process, the Budget Office develops the budgets for permanent position salaries and fringe benefits for continuing permanent staff; taking into account estimated cost of living and step increases and other information regarding upcoming departures, leaves of absence or position moves to other departments.

Changes such as reorganizations, reclassifications, and new positions, should be requested and approved during the budget planning period. A *Position Reclassification form*, identifying the funding source for reclassifications, is required by the Budget Office.

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 Budget and Planning.

Fringe Benefits

Fringe benefits are an integral part of the University's compensation program and must be included in the budget. Fringe includes contributions to life insurance, disability insurance, retirement plans, and health insurance programs. The State of New Jersey reimburses the University for fringe benefit costs for a fixed number of employees, known as the "approved headcount." The University's must allocate other funding sources for the incremental

additional headcount. Self-supporting entities (Funds 11-14) are responsible for covering all of their own fringe costs from the revenues they earn directly.

For continuing departments, fringe is budgeted by Budget and Planning. To develop budgets for a new programs use the guidelines below to estimate fringe, as percent of the salary budget by employee category:

- Faculty 31%
- Managerial (non-union) 27%
- Administrative/Support Staff (AFT) 33%
- Support Staff (CWA) 40%
- Police 48%
- Maintenance 54%
- Part-Time Employees 10%
- % of Full-Time/Visiting Specialist 17%

New Position Requests

New position requests begin as a “Supplemental” request during the annual Budget Call process. After funding is approved, departments must follow Division of Human Resources procedures including submission of a job description, Position Action Approval Form (PAAF), organizational chart, justification, and funding plan. These forms are approved by the Dean or Director, the Vice President or Provost and by the Budget Office, before routing to Human Resources for final review.

7.7 Expense Budgets – Non-Personnel

During Budget Call, departments may propose reallocation of budget from one non-personnel account to another such as from office supplies to consulting services. This enables the department to shift funding per changing needs.

7.8 Expense Budgets – Marketing & Advertising

Budgets for marketing cost center programs, reside with the division of University Communications, not with the cost center. Cost centers should contact University Communications to request inclusion in the coming year’s marketing budget. Revenue Centers should budget for marketing their programs, but will also need to work with University Communications on the delivery of marketing services.

7.9 Expense Budgets - Copiers and Computers

Copiers are provided to each department and standard lap tops are provided to every employee. Departments needing specialized technology equipment may request these during Budget Call.

7.10 Charge-backs for Postage, Telephone, Parking, Etc.

Departments should budget for anticipated charge-backs for services you expect to receive from MSU service departments, such as telephone, postage, parking passes, event labor, campus police, utilities, etc. If you are the service provider, please budget the anticipated costs for providing these services, but also budget for the charge-back credit in your charge-back line.

7.11 Supplemental Requests

As part of the annual Budget Call, the colleges and divisions may submit a priority list of requests for new funding to support enrollment growth and new initiatives. This includes new positions as well as other operating needs. These requests include “base” funding for on-going needs as well as one-time “non-base” costs. Only the highest priority needs are approved.

7.12 New Program Approval

New Programs require full approval from the Dean/Vice President, Provost (if academic), the Budget Office, and the President. Degree programs also require approval from the State of New Jersey. To propose a new programs, submit a narrative, market research, and a *New Program Budget Worksheet* to the Provost Office or appropriate Vice President. The budget worksheet includes 3 years of projected enrollments and revenues, and expenses and will be reviewed by the Budget Office.

8 BUDGET GUIDELINES

8.1 Accountability

Vice Presidents and Deans have budget responsibility for their division or college. Divisions and colleges also have designated **budget managers** who support their division in conducting financial business and overseeing the division or college budget. The **department manager** is responsible for budget management and purchasing approval of one or more specific FMS Department IDs.

These employees are accountable for financial performance against their budget, and must follow University policies.

8.2 Commitment Control Budgets & Purchasing/Procurement

Purchase requisitions will be budget-checked in the system before processing. Make sure you have adequate budget remaining in the parent budget pool for the purchase you are

making. To the extent that P-card purchases consume your budgets, make sure you have set aside budget for these purchases as well as items you will buy through Procurement.

8.3 Reports & Tools

PeopleSoft FMS provides a Budget Overview as well as Department Balance Query for view your budgets vs. actuals in “real time.” Contact Technology Training & Integration for training in these.

Adaptive Insights provides user friendly self-run reporting with data updated weekly. Contact the Budget Office X7053 for questions about access and training.

8.4 Budget Journals & Budget Transfers

Divisions and departments reallocate their budgets during the annual Budget Call, to reduce the need for budget transfers during the year. However, when budget transfers are needed mid-year, the department must submit the *Budget Transfer Request Form* to the Budget Office. Budget transfers can be made for the following purposes:

- Reallocation of non-personnel or temporary employee budget
- Request for “salary savings” budget to back-fill a vacant position
- Budget an approved new department or program
- Revise the revenue and expense budgets for a revenue center
- Request “carry-forward” budget based on prior years cumulative net surplus

The requester or department manager must provide a justification and/or supporting documents, and verify that there are sufficient funds to cover the request. The department manager must approve and submit the request to the Budget Office for approval and entry.

Budget transfers are a specific type of budget journal that requires budget increases and budget decreases that balance each other out.

Example 1 – Budget transfer of a \$1,500 within the same fund and department, and moving funds from one account, 52010 to another, 60530.

Journal Line	Ledger	Budget Period	SpeedType	Fund	Dept	Account	Amount
Required	CHD_UCFBUD	2016		12	2406110	52010	-1,500.00
Required	CHD_UCFBUD	2016		12	2406110	60530	1,500.00

Total Lines 2 Total Debits 1,500.00 Total Credits 1,500.00

Example 2 - Budget transfer reallocating \$10,100 from account 90001 in department 1803110 to several accounts in a different department, 2501106.

Approval Line Status	Ledger	Budget Period	SpeedType	Fund	Dept	Account	Amount
Not Required	CHD_UCFBUD	2016		10	1803110	90001	-10,100.00
Not Required	CHD_UCFBUD	2016		10	2501106	60125	3,000.00
Not Required	CHD_UCFBUD	2016		10	2501106	60164	100.00
Not Required	CHD_UCFBUD	2016		10	2501106	60514	5,000.00
Not Required	CHD_UCFBUD	2016		10	2501106	60530	2,000.00

Total Lines 5 Total Debits 10,100.00 Total Credits 10,100.00

Budget journals that are not budget transfers *per se*, can be one-side or two-sided. For example, each year, one-sided journals are used to load the entire new budget into the financial system. One-sided journals are also used to increase a revenue center revenue budget, while a second one-sided journal increases an expense budget for the revenue

center. Together, the two journals balance each other. NOTE: Once the fiscal year is under way, policy requires that all budget journals be balanced. No budget can be increased without another budget being decreased.

8.5 Carry-forward Budget Requests for Revenue Centers

Self-supporting departments and programs (Funds 11-14) that do not receive any University subsidy, are eligible to request a budget increase in the current year up to the amount of a prior cumulative net surplus. Programs that fall under special revenue-sharing arrangements should refer to the policy for their program, as it may differ from the standard policy contained here.

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. Approvals will be made on a rolling basis from October forward, according to the considerations below.

Approval

To request a carry-forward budget, submit a budget transfer request to the Budget Office. All requests will be reviewed before approval is made. Ineligible programs or uses will be denied. Below are guidelines for self-supporting programs that might be eligible to request carry-forward budgets.

- **Auxiliaries (Fund 11) and Revenue Centers (Fund 12).** A cumulative net surplus from prior years is only available as a carry-forward if the program is not subsidized by the University, or required to support plant and debt service. To make a request, enter a budget transfer and explain the carry-forward need.
- **F&A/Indirect Costs (Fund 14).** Indirect Cost revenues from grants may be used for general expenses or development of future research projects. These funds cannot be used to compensate the PI.
- **Special Program Fees (Fund 13).** Fees should be spent in the same year they are collected, but some allowance is made for cost fluctuations. Fees that are significantly or routinely under spent or overspent will be subject to further review to recalibrate the fee rates.

8.6 Salary Savings

When a permanent position becomes vacant, the remaining salary budget is not available to the department unless there is a demonstrated critical need to “back-fill” the position with a temporary employee. In these cases, the department may request “salary savings” budget to cover the temporary hire. The request is made on a Budget Transfer form.

Departments are not authorized to hire temporary staff without sufficient budget. Please refer to procedures for the hiring of temporary staff issued by the Division of Human Resources.

8.7 Revenue-Sharing Policy Related to Certain Revenue-Generating Educational Programs and Initiatives

This policy outlines the procedures for sharing net revenue generated by certain revenue generating programs and other educational initiatives that originate from colleges and schools.

A. Eligibility for revenue-sharing

Programs and other educational initiatives that are eligible for revenue-sharing include: corporate and other third-party contracts for services, which may or may not be credit or degree granting; professional development and other continuing education programs; and children's and other community educational programs. Programs and other educational initiatives which are not eligible for revenue-sharing are baccalaureate, master's or doctoral degree granting programs, and certificate programs which are closely aligned with, or the credits of which may be accepted as part of, a degree-granting program, unless they are delivered specifically pursuant to a corporate or other third-party contract for service. The eligibility of a program for revenue-sharing is not determined by the mode of instruction or the geographical location or the date or time of delivery of the program.

B. Definition of Net Revenue

Net revenue is defined as the actual revenue received in a given fiscal year, minus that year's direct and indirect costs and minus any prior year's deficit. Direct costs are all costs necessary to and associated with the delivery of a program or other educational initiative. Those costs include: salaries, wages, and associated fringe benefits; program development costs; consultants; third-party payments or contractual revenue shares; facility rental fees; equipment and supplies; marketing; and all other operating costs. Indirect costs (also referred to as overhead) are those costs incurred by the University to support a program that are not charged to the program, for example, operation and maintenance of facilities, energy, financial and accounting services, human resource, procurement, and computing services, etc. The indirect cost for any given program is calculated as 20% of that program's direct costs. (See the University's indirect cost policy for further information.)

C. Distribution of Net Revenue

The net revenue-share earned by a college or school shall be made available to the college or school in the fiscal year after it is earned once the annual audit is completed. Net revenue shall be allocated as follows:¹

¹ Exceptions to the general allocation policy apply to the Gifted and Talented Program and P-3 Abbott Program in the College of Education and Human Services, and the Disney Program in the Feliciano School of Business, in as follows:

Gifted and Talented Program

Up to \$100,000	100% College or School
Above \$100,000 to \$200,000	50% to University; 50% to College or School of incremental revenue above \$100,000
Above \$200,000 to \$500,000	60% to University; 40% to College or School of incremental revenue above \$200,000
Above \$500,000 to \$1,000,000	70% to University; 30% to College or School of incremental revenue above \$500,000
Above \$1,000,000 to \$2,000,000	80% to University; 20% to College or School of incremental revenue above \$1,000,000
Above \$2,000,000	90% to University; 10% to College or School of incremental revenue above \$2,000,000

D. Procedures

Proposals for programs intended for revenue-sharing must be submitted by the Dean to the Office of the Provost, with a copy to the Office of Budget and Planning, and must include a budget plan with a minimum of three years of projected revenues and costs. (Please complete the form *Budget Worksheet for New Programs* available at <http://www.montclair.edu/budget-planning/forms>). After review, the Provost will provide a recommendation to the President.

Once a revenue-sharing program is approved, a new department will be set up in the financial system to track all program-related revenues and expenses.

Allocations of net revenue shall be made into the Dean's operating budget account. All spending from net revenue must be approved in advance by the Provost's office.

8.8 Indirect Cost Recovery/Revenue Center Overhead

Revenue centers are charged an overhead rate by the University to cover centralized facilities and administration costs the University incurs to support the program. This charge calculated as 20% of all expenses, except capital equipment.

8.9 Indirect Cost Share/Grant Facilities & Administration ("F & A")

Grants often provide revenue to the University to cover facilities and administration costs (also known as "F&A" or "indirect costs" or "overhead"). It is the University's policy to

Up to \$300,000:	100% to University
Above \$300,000:	75% to University; 25% to College
P-3 Abbott Program	
All net revenue:	60% to University; 40% to College
Disney Program	
All net revenue:	40% to University; 60% to School

share these revenues at various levels of the department, college and University. These funds may be used to support future research and may not be used to compensate or train the PI. These funds are distributed as follows:

- 10% Principal Investigator
- 25% Department
- 15% College
- 20% Research & Sponsored Programs
- 30% University

8.10 Course & Lab Expenses

Beginning in fall 2017, the University discontinued the practice of charging individual courses fees. A small number of special program fees will remain, as described below under "Special Program Fees."

In lieu of course fees, the University allocates funding to maintain the smooth operation of labs, studios, and other course-related instructional needs, previously supported by course and lab fees. Budgets will reside in fund 10 and will be reviewed annually. These budgets support the provisional necessary instructional non-capital equipment (capital equipment funding will reside with the Provost), materials, and expenses, and may not be transferred to serve other departmental, faculty, or administrative purposes.

Course & Lab Expense budgets may be used for:

- Instructional materials consumed by students in the classroom, studio, or lab.
- Local field trips with no overnights (students are responsible for their lunch or snack expenses)
- Honoraria for guest speakers each academic year
- Maintenance of instructional equipment
- Live models for art classes
- Course-related specialized software licenses and purchases
- Lab coordinators, monitors and assistants
- Registration fees for students delivering papers at conferences

Course & Lab Expense budgets may not be used for:

- Expenses covered by a special program fee (see below)
- Faculty or staff salaries, supplies, research, training, travel, conferences (unless specified above)
- Accreditation dues and visits
- Administrative office equipment, supplies, furnishing
- Basic classroom furnishings fixtures, and general maintenance
- Text books and personal supplies (these are purchased by students directly)
- Facilities improvements, capital construction and capital equipment.
- Parties, monetary prizes, scholarships, parking permits
- Standard computers, lap tops, servers (OIT provides leased equipment as appropriate)

- Capital equipment (funding resides with Provost Office)

8.11 Special Program Fees

Special program fees may be charged for exceptional educational experiences. Examples include fees for private music lessons, student teaching, fieldwork travel excursions, special senior year showcase performances, and costly professional certification exams. Fees must be used only for the express purpose of each fee and cannot be transferred to other purposes. The department will reduce or eliminate the fee if programming no longer calls for the activity. The establishment of new special program fees is discouraged and requires the express approval of the Dean, Provost, and Executive Director of Budget & Planning.

8.12 Cost Share

A Principal Investigator seeking a grant that requires a “cost share” match by the University, must work with their department chair and the Provost Office to identify in advance, the existing unrestricted operating budgets available to reallocate as cost share. This may include department personnel who will shift some of their time toward the project for which the cost share is required.

8.13 Marketing, Advertising and Promotion

Marketing, advertising and branded promotional materials, are delivered by or approved by University Communications. The division’s role is to ensure program marketing is carefully considered within an overall marketing strategy and branding approach for the University. Budgets reside centrally with University Communications, rather than with individual colleges, divisions, departments or programs. One exception is that when providing marketing for a revenue center, University Communications will charge-back marketing expenses to that revenue-center.

Regardless of where the budget is allocated, all marketing and promotion is either delivered by University Communications or approved as a non-marketing item that the department may handle directly.

8.14 MSU Foundation Funding Requests

Requesting Budgets for Unrestricted Foundation Funds

Donor and private foundation gifts must be deposited with MSU Foundation where the funds are managed, and in some cases invested, on behalf of the University. Some of these funds are available to departments for unrestricted purchases. Departments must request a budget to allow spending, as well as request transfer of the actual monies from the Foundation to their department.

Departments may request budget for Foundation funding during Budget Call or by sending a *Budget Transfer Request* to the Budget Office during the year.

Departments will also request transfer of the actual monies from MSU Foundation to Montclair State University, by submitting the transmittal form to MSU Foundation. On this form the department will indicate the appropriate fund and department chartfield, and account 47209-Gifts&Non-ExchgGrants. MSU Foundation will review the request and forward it to Budget Office where such transactions will be reviewed and logged. Finally the documentation will be forwarded to Accounts Receivable in the Office of Finance & Treasury.

Budget for restricted Foundation funding will be set up as projects by Grants Accounting, similar to a grant project.