IV. The Budget Process at RIT

A. Overview:

RIT’s annual operating budget is in excess of $500M. Allocation of these funds to department operating accounts is made through the annual budget process. This process spans a period of several months and involves many individuals throughout the University.

Objectives:

In this chapter you will learn about:

- the RIT annual budget process
- the difference between a permanent and a working budget
- how fringe benefits and computer services for operating accounts (non-auxiliary) are budgeted
- the NTID annual budget process
- how budgets are developed for grant and contract accounts
- how budgets are developed for student organizations

B. RIT Annual Budget Process

1. The RIT budget process begins in the fall of each year for the upcoming fiscal year beginning the following July 1st.

2. The Budget Committee reviews a pre-planning document that compiles the major assumptions of the operating budget including enrollment projections, tuition rate increases, incremental financial aid, and faculty and staff salary increments.
   a. The following individuals sit on the Budget Committee: the President, Provost and Vice President for Academic Affairs, the Vice President of Finance and Administration and the Budget Director.

3. From January through March, individual budget hearings are held with the Budget Committee where division vice presidents and deans present their operating budget and capital requests.
   a. Two representatives from the Academic Senate, one representative from Staff Council and Budget Office personnel are also present at the budget hearings.
   b. After the budget review sessions are completed, the Budget Office summarizes all requests by division for presentation to the Budget Committee.
   c. The requests are then reviewed by the Budget Committee for approval of allocations.
4. Following the budget review sessions, a spending allocation is presented to each vice president and dean for distribution within his/her division. They have discretion as to how they want to allocate the base budget dollars within their divisions.

5. Based on the overall allocations, the upcoming year’s budget is recommended to the Finance Committee and then to the full Board of Trustees for approval at the April board meetings.

6. Budget worksheets and capital request forms with instructions are distributed to division heads for completion by their budget units based on approved allocations by the Budget Committee.
   a. RIT uses a base budget approach. The base budget of the prior year is carried forward to the next year on the budget worksheets.

7. The Human Resources Department distributes salary worksheets to department heads for completion. The salary object codes (70050-71450) are then balanced with the budget worksheets.

8. Individual unit budgets are reviewed and processed through the divisional vice presidents and deans and sent to the Budget Office.
   a. The budgets are reviewed by the Budget Office and then uploaded into the general ledger for the beginning of the fiscal year on July 1st.

9. During the year, vice presidents and deans may make reallocations within their divisions by submitting requests to the Budget Office for processing.
   a. The Budget Committee must approve any major changes or requests for incremental dollars.

C. RIT Permanent Versus Working Budgets

1. The “permanent budget” is the operating base budget that carries forward to the next fiscal year.
   a. Permanent budget adjustments that are made during the fiscal year will be carried over into the following year. This new budget is used for the budget worksheet that is completed during the annual budget process.

2. The “working budget” is the current year’s operating budget that is reflected on the department statement.
   a. Working budget adjustments made during the year to a department’s base budget do not carry forward to the next year’s budget.

3. During the year, authorized departmental personnel may make either permanent and/or working budget adjustments to their base budget with the approval of the Budget Office.
4. At the end of the fiscal year, total expenditures for a department (or budget unit) cannot exceed the total budget amount.
   a. Depending upon the management of the college or division, departments have the option to make budget adjustments for an over-expenditure on a particular account line. Salary budgets can not be used to fund non-salary overages, except for temporary help to back fill vacant approved positions (object code 75150) and or to fund Student Scholarships (object code 82000 and 82005) normally funded by Graduate Assistants / Awards (object codes 71150 / 71155).
      i. For example, your department has an annual travel budget of $5,000 and $6,000 was actually expended during the fiscal year. At the same time, your supply budget of $3,000 was under spent by $1,000. It is at the discretion of each college/division whether they want to prepare a budget change form to move $1,000 from the supply budget to the travel budget (decrease the supply budget and increase the travel budget).

D. RIT Funded Expenses

1. Departmental budgets for benefits – pooled expenses (object code 72050) on operating accounts (non-auxiliaries) are established during the annual budget process based upon the approved fixed fringe benefit rates for the period.
   a. When departments complete their budget worksheets, the fringe benefit line will automatically calculate at the projected full-time and part-time rates based upon the budgeted salary amounts.
   b. Benefit expenses are charged to all departments and projects through an allocation process at the end of each month after all payrolls and adjustments have been processed (total salary expenditures by category X the corresponding fixed benefit rate).
   c. At the end of the fiscal year the Budget Office adjusts the budget on object code 72050 to equal the benefit expenses (actual salary expenditures by category X the corresponding fixed fringe benefit rate).
      i. For example, if the original budget was $20,000 and only $15,000 was charged to the benefit line through the benefit allocation process, the Budget Office will process a budget journal entry to reduce the budget to $15,000.
      ii. In this same example, if the total benefit expenses for the year are $25,000, the Budget Office will process a budget journal entry to increase the budget to $25,000.

   d. The RIT and NTID full-time rates include tuition waivers for employees and dependents. The full-time Federal rate does NOT include dependent waiver expenses which are unallowable according
to 2 CFR §400.431. Part-time employees charged to Federally-funded grants and contracts will be charged the part-time Federal rate.

Refer to Chapter IX, Payroll Processes or to the Payroll section of the Controller’s Office web page:

Refer to the Controller’s Office web page for information about Benefit Rates:

2. Departmental budgets (non-auxiliary) for RIT Information Technology Services (ITS) computer services (object code 90230) are established during the annual budget process based upon the prior year’s expenditures.
   a. ITS processes chargebacks to departments each month for use of RIT computer services.
   b. At the end of the fiscal year the Budget Office adjusts the budget on object code 90230 to equal actual expenditures.

For more information about the ITS chargeback process, refer to the ITS web page: http://finweb.rit.edu/controller/accounting/itschargeback.html

E. Preparing Budget Entries

1. Departments (RIT operating accounts only) may submit budget requests electronically to the Budget Office.
   a. An example of a Budget Change Form (located on the Budget Office web page: http://finweb.rit.edu/budget/forms/budgetchange.html) is on the following page.
   b. Complete instructions regarding how to fill out a Budget Change Form are located on the Budget Office web page. Forward the completed form to the Budget Office E-mail address budget@rit.edu.

If you have questions about how to complete a Budget Change Form or the RIT budget process, contact the Budget Office at ext. 5-5982 or ext. 5-2297.

Refer to Chapter XVI, Section C, for more information about when to prepare budget entries.
F. NTID Annual Budget Process

1. The National Technical Institute for the Deaf was created by the United States Congress in 1965 to provide deaf students with state-of-the-art technical and professional education programs.
   a. NTID is primarily funded by the Department of Education (DEd) by an annual appropriation approved by Congress.

2. The NTID annual budget process begins in the prior summer of each year. For example, NTID will submit the FY 2008 budget request to the DEd in June 2006.

3. DEd reviews all budget requests during the period June through September and NTID responds to any questions that arise during this review.

4. In September, DEd submits the entire education budget, of which NTID is a component, to the Office of Management and Budget (OMB). The OMB reviews all budget requests during the period September through November. During this time NTID responds to questions from the OMB through the DEd.

5. In December, the OMB approves the NTID budget and submits it to the President of the United States as part of the overall federal budget.

6. In late January, the President sends the budget to Congress directly after the State of the Union address. From February through March the House and Senate Budget Committees hold budget hearings.
7. By September, the House and Senate Appropriations Subcommittees establish funding levels for specific departments, agencies and programs. Differences between the House and Senate are ironed out in conference committees and final appropriations bills are passed and signed by the President.

8. The Federal fiscal year begins October 1, as does NTID’s fiscal year. At this point in the process, the amount of the NTID budget is determined.

G. NTID Planning and Budgeting

1. Salary worksheets are prepared during March and April and completed by chairpersons. They are collected and input into the NTID Personnel System, which is then fed into the NTID Budget Planning System to produce Budget Planning Forms (BPF) for the coming fiscal year.

2. NTID uses a base budget approach. The base budget of the prior year is carried forward to the next year on the BPF’s.
   a. BPF’s with instructions are distributed to center directors and division directors for completion by their departments based on approved allocations by the Vice President and the Dean.
   b. The center and division directors have discretion as to how they want to allocate the base budget dollars within their centers or divisions.

3. The department’s chairperson or budget officer may make adjustments such as additions, deletions, and changes to their department’s upcoming year’s budget on the BPF’s.
   a. Although a line item may be added, incremental dollars cannot be added to the overall department budget by chairpersons or managers.
      i. Additional dollars can be shifted from another department within a director’s control.
   b. A center or division director may request additional dollars from the Dean or Vice President by completing a Supplement Funds Request. A copy of the request should be submitted along with the completed BPF to the Financial Planning & Budgeting Office.

4. Individual department budgets are reviewed and processed through the Planning and Budgeting Office and then uploaded into the general ledger for the beginning of the fiscal year on October 1st.

5. During the year departments may make budget reallocations by submitting their requests to the Planning and Budgeting Office for processing.
Moving funds among “controllable” line items is within the authority of chairpersons and budget officers. Usually, insufficient funds in one line item are compensated with monies from another line within the same budget.

To initiate this change, submit a Program Change Memo (PCM) to the Planning and Budgeting Office. If necessary, a center director or division director may shift dollars from one department to another within their area of control. This is also initiated through a PCM submitted to the Planning and Budgeting Office.

At the end of the fiscal year and in keeping with federal guidelines, budget dollars and actual expenditures must be equal.

Contact the NTID Planning & Budgeting Office at ext. 5-6407 or ext. 5-6228 if you have questions about the NTID budget process, or initiating a budget reallocation.

H. Budgets for Externally Funded Grants and Contracts

1. The Principal Investigator (PI) responsible for the project prepares the budget for a grant or contract based upon sponsor guidelines with assistance from the department of Sponsored Research Services (SRS).
   a. When the notice of award is received from the granting agency, the accountant representative in Sponsored Programs Accounting (SPA), responsible for administering that particular grant or contract, will set up the new project and the budget in the general ledger.
   b. Grant and contract budgets are not based upon RIT’s fiscal year. The start date and end dates of the grant or contract are based upon the date established by the sponsor.

2. SPA monitors expenditures throughout the life of the award to be sure that funds are being expended according to the established budget.
   a. Over expenditures are not allowed on grant and contract accounts. If an over expenditure occurs, SPA will move the amount to the PI’s operating account.

3. In many cases, the sponsor must approve a revision to a grant or contract budget in writing.
   a. The PI works with SRS to submit a request to the sponsor.
   b. When the approval is received, SRS makes an adjustment to the budget on the general ledger.

4. At the conclusion of the project, SPA closes the account to ensure that no further expenditures are charged to it.
I. Annual Budget Process for Student Government Clubs

1. All clubs and student organizations recognized by Student Government (SG) and in good standing are eligible to request funds to support their group’s activities for the next academic year.

2. The SG Finance Committee reviews all club budget requests and those of major student organizations under the direction of the Director for Campus Life.

3. During the spring quarter, student leaders receive information about developing their budget for the upcoming year.
   a. Student leaders are asked to prepare a budget proposal for their club or organization indicating total anticipated expenses and income for the upcoming year.

4. The SG Finance Committee reviews the proposals for form and basic content and uses pre-established criteria to determine funding allocations made to clubs and student organizations.

5. Allocation decisions regarding budget proposals submitted by the application deadline will be made before the last day of classes in May.

6. Budgets are prepared for each club (agency fund project) based upon the approved allocation. The budget information is forwarded to the Accounting Office for entry into the general ledger.

Contact the Center for Campus Life, Student Government Bookkeeper at ext. 5-5658 for more information about the student government club budgets.