

Fund 41 Budget Decision Making Protocol
Student Affairs
Western Michigan University

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Approved by: Dr. Diane Anderson on 11-24-08

Background

In June of 2008, Dr. Anderson laid out her expectation that department heads should have decision-making authority over their own budgets with a recommendation that each department head is provided a sufficient base budget at the beginning of the year to feel empowered to make the day to day decisions that need to be made.

In addition, she requested that a process be developed for large, unexpected items that arise.

Overview

The Fund 41 Budget Decision Making Protocol was developed over a number of weeks by the IPB team. Each member had significant input in the development of this document and is in accordance with the operating standards being recommended. It was recommended that the reasoning and outcome be documented so that current and future group members have a reference point to refer to regarding why and what the group decided.

Theory

The theory behind which the protocol was developed was based on the following:

- department heads should have decision making authority over their annual budget
- the fund's operations can be divided into infrastructure and operating
- large, unexpected items are not included in departmental operating budgets
- smaller, reoccurring equipment and maintenance needs are included in departmental operating budgets
- it is preferred that some items that affect all areas (mainly those classified as infrastructure) be grouped into central administration's budget authority, rather than department head authority
- when one area has an overwhelming majority of use for a particular operational infrastructure expense, that area will be responsible for their portion of that expense within their operating budget
- it is preferred that regular, on-going operational expenses be grouped into each departments budget
- revenues, reoccurring and other, are budgeted expectations and affect the entire fund and the fund's ability to make long term plans and decisions
- Each department head should discuss any budget change requests with their supervisor, who will then approve or deny the request
- When requesting budget changes, department heads should use equitable and consistent standards and should supply data to help explain why the request cannot be handled within the existing budget and how the amount of the request was determined.

- Department heads should conduct an introspective review of their budget, at least annually, to ensure that revenue and expense budgets are properly and equitably set.
- Every effort should be made to predict and identify operational changes, and therefore budget changes, prior to the annual budget setting process. This will allow for the best decision-making ability for the long term stability of the fund's operation.
- Supervisors will have the responsibility to help ensure equity and consistency when making budget change decisions.
- All permanent budget changes will be shared in summary form with the IPB group periodically.
- Reserve funds decision making is separate from this procedure.
- There are certain items that have a University standard for treatment and business operations will be responsible for overseeing the standard treatment of those items or for securing an exception to those standards, if applicable.

Implementation Outcomes

IPB Responsibility

IPB will be responsible for setting the following budget projections. Business operations will be responsible for aligning the approved projected budgets with actuals during the year, if appropriate.

Room and Board Revenue Contract Changes

Annual Utility charge changes

General Fund Reimbursement changes

ATB compensation and related fringe benefit changes

ATB fringe benefit changes

Bargaining agreement compensation changes

Custodial services contract changes

IPB is also responsible for approving the annual project list which is funded from reserve funds. AS mentioned earlier, reserve funds are not part of the fund 41 annual budget and therefore are not part of this budget decision making protocol.

As IPB's overriding objective is to support the University mission, with emphasis on recruitment and retention, any member of IPB is welcome to consult with IPB regarding programs, facilities, equipment, operations, services and industry trends.

Over-riding Circumstances

Items Governed by Divisional or University Procedure, Practice or Financial Governing Body

Standard treatment items are those in which there is a divisional or university procedure, practice or governing body that dictates the treatment of those items. Business operations will be the Student Affairs source of oversight for these items. These items may be contained in central administration and in departmental budgets. Examples include the following.

Controlled compensation position –salary savings

Controlled compensation position –FTE activations/inactivations

ATB Fringe benefit rate changes

ATB Compensation changes for staff, bargaining units and students

State or Federal changes affecting compensation (for example minimum wage increase)
Generally Accepted Accounting Principles (GAAP) or Governmental Accounting Standards Board (GASB) relating to treatment of revenue or expense
University guidelines related to appropriateness of object code use and budgeting
Items identified as Fund 41 Budget Protocol
Debt Service Payments
Permanent budget adjustment approval and processing
One time budget adjustment processing

Operational Infrastructure

It was decided by the group that operational infrastructure related items, budgets and actuals, will be consolidated into central administration for the 2008/09 budget year and beyond. This list may contain items that are already in central administration or that will be moved into central administration.

Bad debt expense
Debt Service
Property insurance
Audit fees
Legal Fees
Pest contract base contract (except specialized departmental needs not covered in base contract)
Recycling Services (except Residence Hall recycling)
Maintenance Base Budget
Custodial Base Budget
Landscape Services Base Budget

Department Operations

Department heads have full authority to make budget changes within their existing budget as long as the adjustments do not affect the controlled compensation lines or those budget codes that are determined by IPB or Business Operations. For changes that extend beyond and the departments operating budget, supervisor consultation and approval is required.

Examples of items falling under departmental operations include the following.

Programmatic changes
Revenue changes, other than those specifically identified as being overseen by another group
Changes to operations
Changes to staffing levels
Travel
Supplies and equipment
Revenue from sources other than room and board contracts and apartment leases