

Sam Houston State University

BUDGET BASICS

Reference Guide

Compiled by the Budget Office

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BUDGET SIDE OF FINANCE

TYPES OF FUNDING

Below is a list of funding types that are budgeted for expenditures. The fund number will begin with the first two digits referenced after each funding type.

Educational and General (E &G) Funds (11)

Definition - State appropriated funds consisting of General Revenue (state taxes) and state mandated tuition.

Tidbits and Restrictions

- ☐ Targets are given to each division (dean or vice president) during the Budget Prep cycle. Each division may distribute these targets to the individual departments based on the business needs of the division.
- ☐ Revenue increases are not allowed during the fiscal year.
- ☐ Funding that is not spent or encumbered at the end of the fiscal year will not be available for expenditure in future fiscal years.
- ☐ Budget of fund balance is not allowed.
- ☐ Transfers into and out of E & G funds from other funding sources are not allowed.
- ☐ The following Budget Account Codes are not allowed:
 - 701 – Fringe Benefit Pool
 - 781 – A/E Design
 - 782 – Construction Cost Limitation
 - 783 – FF & E
 - 784 – Owner Services
 - 785 – Landscape Enhancement
 - 786 – Public Art
 - 789 – Contingency
- ☐ Account Code 704100, 704300, 708600, 790900, 790901 – Payroll Related Costs should not be budgeted. These costs are funded from institutional FOAPs.
- ☐ Departments may not re-budget unspent funding that was originally budgeted for faculty and staff positions.

Special Appropriations (120100 - 120300)

Definition – Appropriation fund for a special reasons. Example: LEMIT, CMIT

Tidbits and Restrictions

- ☐ Funds are governed by the Texas Legislature.
- ☐ Unused project funds must be returned to the original funding source.
- ☐ Salaries are allowed.

TYPES OF FUNDING (continued)

Higher Education Assistance Funds - HEAF Funds (120400)

Definition – General Revenue provided by the Texas Legislature for capital expenditures

Tidbits and Restrictions

- ☐ Allocated by the President for specific purposes.
- ☐ Limited to capital expenditures of land, construction, major repair and rehabilitation of buildings, capital equipment and library materials.
- ☐ Unused project funds must be returned to the original funding source.
- ☐ Salaries are not allowed.
- ☐ Questions regarding allowable HEAF expenditures should be directed to Procurement Services.

Designated Funds - General Designated (140100)

Definition - Resources internally allocated by the institution.

Tidbits and Restrictions

- ☐ Divisional and/or departmental guidelines may be established for these funds.

Designated Funds – Student Fees (15XXXX)

Definition – Student fee income related to fees not specifically required by State of Texas statute.

Tidbits and Restrictions

- ☐ Revenue is posted through the Student Information system. Contact the Controller's Office for questions regarding the recognition of student fee revenue.
- ☐ Expenditures are limited to the purpose of the fee.
- ☐ Transfers into and out of a specific student fee fund are only allowed by exception.

Student Fees (17XXXX)

Definition – Student fee income related to fees specifically required by State of Texas statute.

Tidbits and Restrictions

- ☐ Revenue is posted through the Student Information system. Contact the Controller's Office for questions regarding the recognition of student fee revenue.
- ☐ Expenditures are limited to the purpose of the fee.
- ☐ Transfers into and out of a specific student fee fund are only allowed by exception.

TYPES OF FUNDING (continued)

Auxiliary Enterprise Funds (18XXXX)

Definition – exists predominately to furnish goods and services to students, faculty or staff and ongoing operations that sell products and provide specific services to other SHSU departments. Examples include Press, Public Safety and Vending.

Tidbits and Restrictions

- ☐ Transfers into and out of Auxiliary funds from other funding sources are allowed.

Restricted Funds

Definition – Funds provided by an outside entity that has restricted the use of the funds to specific purposes. Examples include grants, endowment earnings and scholarships. Restricted funds include:

- ☐ Current Restricted (2100XX)
- ☐ Friends of (2110XX)
- ☐ Other Restricted (2120XX)
- ☐ Federal Grants and Contracts (2200XX)
- ☐ State Grants and Contracts (2500XX)
- ☐ Private Gifts, Grants and Contracts (2600XX)
- ☐ Non Profit (2800XX)

Tidbits and Restrictions

- ☐ Allowable expenditures are based on the restrictions placed on the fund by the external donor or the grant or contract.
- ☐ Transfers are not allowed on federal and state grants.
- ☐ A monthly process updates the budgets for these funds of revenue received during the month. Budget revisions are not required.
- ☐ Questions related to closing a grant fund should be directed to ORA (Post Award).

Agency Funds (80)

Definition – Funds held on behalf of external parties. Examples include dues or funds raised by SHSU Student Organizations.

Tidbits and Restrictions

- ☐ A monthly process updates the budgets of revenue received during the month. Budget revisions are not required.
- ☐ Salaries cannot be paid on these funds.
- ☐ Transfers into or out of Student/Other Organizations are not allowed.

TYPES OF FUNDING (continued)

Unexpended Plant Funds (95)

Definition – Funds used for construction or major repairs and renovation projects.

Tidbits and Restrictions

- ☐ The Office of Facilities Planning and Construction or Physical Plant manages all Unexpended Plant fund project budgets.
- ☐ Salaries are not allowed.
- ☐ Unused project funds must be returned to the original funding source.

CHART OF ACCOUNTS

The Chart of Accounts is the numbering system used by the Banner Finance system to capture financial transactions and facilitate retrieval of information and financial reporting. SHSU's Chart of Accounts is defined as "S.

SHSU uses four elements in the Chart of Accounts: Fund, Organization, Account and Program (FOAP). Each of these elements is required for all budget, expenditure, revenue and transfer transactions.

Fund

A fund is a self-balancing set of accounts that identifies ownership of cash or fund balance. It identifies the type of funding source and ownership of the fund.

Fund Reporting Elements

The following reporting elements are associated with each fund:

- ☐ Fund Category and Fund Class – The Fund Category is a code used to group similar types of funds as required by outside reporting agencies. The Fund Class provides a further breakdown of the Fund Category.
- ☐ Fund Manager - The individual responsible for the financial operation of the fund. This includes budget oversight, finance reporting and daily financial activities. The fund manager is also responsible for assigning financial roles to individuals.

Establishing a New Fund

- ☐ The New Fund Request is routed through the Controller's Office.
- ☐ Each new fund is established with an effective date. The effective date for Grant Funds is the start date of the grant. Transactions may not be processed prior to the effective date of a fund.

CHART OF ACCOUNTS (Continued)

Organization

The Organization (ORGN) code defines a budgetary or departmental unit. A department may establish multiple ORGN codes within the same department in order to track the operation of a particular unit.

Example: Agriculture might use the following ORGN's to provide better reporting of their operations: Industrial Technology, Ag Science, Rodeo, and Livestock Judging

Default ORGN Code – In most cases, a default ORGN code is assigned to all Grant funds at the time the fund is established. All transactions for the grant fund are then limited to the default ORGN code.

Fund and Organization Combinations – If a default ORGN code is not assigned to a fund, the department may use any combinations of funds and ORGNs within the department. A fund and organization can only be budgeted when they belong to the same department.

Establishing a New ORGN Code – An [Organization Code Request](#) form must be submitted to the Controller's Office to establish a new ORGN code or change an existing ORGN code.

Organization Manager - An Organization Manager is assigned to each ORGN code. This individual is the primary contact for all Human Resources transactions for the organization. See the HR Organization Code section for more information.

Account Code

The Account code identifies the type of expenditure or revenue.

Data Enterable Account Code - Transactions to recognize revenue, post expenditures and transfer transactions are entered at the six digit Data Enterable Account Code level. Each Data Enterable Account Code is tied to a Budget Account Code.

Budget Account Code - Budget transactions are entered at the three digit Budget Account Code level except for salaries and wages. The Budget Account Code is used to limit expenditures based on the restrictions of a fund.

Program Code

The program code classifies the function of expenses. These are required categories for the annual financial report and other mandated reporting.

Default Program Code

A default program code is assigned to some funds. Examples of the funds with default program code are grants and construction projects.

ANNUAL OPERATING BUDGET

Budget Prep Cycle

SHSU has a defined budget process to develop the annual operating budget for the ensuing fiscal year (9/1-8/31). This process is also referred to as the Budget Prep Cycle.

Timeline and Instructions

- ☐ The exact timeline is communicated to departments in March of each year.
- ☐ Specific budget instructions are sent to Organization Managers prior to the beginning of the Budget Cycle.
- ☐ Departments prepare the budgets in April and May.
- ☐ Departments will enter all budget and personnel information into the Budget Development and Salary Planner.
- ☐ The operating budget is approved by the Board of Regents in August of each year.

Budgets

- ☐ Educational and General, designated, auxiliary enterprise and fiscal year restricted funds are budgeted during the Budget Prep Cycle.
- ☐ Departments should present a budget that is sufficient to support departmental operations for the entire fiscal year.
- ☐ The expense budget is for limited to the estimated revenue and transfers in for the fiscal year. Educational and General Fund budgets are limited to the targets provided by the Budget Office.
- ☐ The budget for the new fiscal year is loaded into the Banner Finance system in mid-August.
- ☐ Multi-year budgets are not included in this process. As described in the next section, the new fiscal year budgets for these funds will not be available until mid-September.

Personnel Actions

- ☐ Departments update the funding sources for each position.
- ☐ The total budget for both vacant and filled positions must be included in the total expense budget.
- ☐ Positions funded from multi-year funds are updated even though the funds are budgeted outside of the Budget Prep Cycle.
- ☐ Salary increases are applied if such a policy is approved as part of the Budget Prep Cycle.
- ☐ Employee appointments with 9/1 effective dates are loaded into the Banner Human Resource system in early September.

BUDGET PROCESS MULTI-YEAR FUNDS

Multi-Year Funds - Definition

- ☐ Funds with specific begin and end dates are established as multi-year (MY) funds. These are typically related to grants, seed grants and construction or renovation projects.

Establishing and Revising Multi-Year Budgets

- ☐ A new fund must be established for each grant prior to the establishment of a budget. See the Chart of Accounts, Establishing a New Fund section for further information.
- ☐ The initial budget for a multi-year fund is established by processing a budget revision.
- ☐ A budget revision cannot be processed prior to the grant begin date.
- ☐ Any subsequent revisions to the budget are also processed with a budget revision.

Budget Process for New Fiscal Year

- ☐ Positions funded from multi-year funds are updated through the annual budget prep process even though the funds are budgeted outside of the Budget Prep Cycle.
- ☐ A budget roll process occurs in mid-September to move any uncommitted budgets for multi-year funds from the previous fiscal year to the new fiscal year. This roll process cannot occur until after the close of the prior fiscal year.
- ☐ Expenditures may not be made in the new fiscal year on multi-year funds until the budget roll process occurs.

Budget Revisions

- ☐ Revenue budgets are limited to the amount of the grant or contract, if applicable.
- ☐ Budget Account Codes allowable on a fund may be restricted based on the grant or contract. Questions should be directed to Sponsored Programs.
- ☐ Budget Revisions for multi-year funds are always entered as temporary.

BUDGET CONTROLS

Purpose

SHSU has established budget controls that require sufficient budget to exist for particular Fund, Organization, Account, Program (FOAP) combination in order for an expense transaction to process. These controls apply only to expense transactions. The budget controls have been implemented in order to:

- ☐ Restrict unallowable expenditures on a fund by limiting the allowable Budget Account Codes on a Fund.
- ☐ Control spending to the limits approved by the administration through the Budget Prep Cycle and subsequent revisions to the budget.
- ☐ Enforce program code restrictions. (See Chart of Accounts, Program Code section)
- ☐ Ensure that the fund and orgn for each transaction are within the same department.

Expense Budget Control Examples

The following examples are provided to clarify the use of budget controls.

Example – The expenditure is greater than the approved budget.

<u>Available Budget Balance</u>					
140100	220000	710	40	Travel Budget Pool	500.00
140100	220000	720	40	O & M	500.00
Total					1,000.00

- ☐ The following expense transaction is submitted to pay for travel to Abilene:
140100-220000-710600-40- \$750.00
- ☐ The expense transaction will be rejected because the \$500 Available Balance in Budget Account Code 710 is not sufficient to cover the \$750.00 transaction.
- ☐ The department should submit a budget revision to increase the budget on 710 or use a different FOAP with sufficient budget.

AVAILABLE BUDGET INFORMATION

Budget controls require sufficient budget to be available prior to the processing of an expense transaction. Departments may view available budget information through either in INB Banner or Cognos reports.

INB Banner

- ☐ This is a view of the live Banner information.
- ☐ Information could differ from Cognos reports as Cognos is only updated nightly.
- ☐ Provides a quick, easy way to view the Available balance for multiple FOAs.

[illegible]

Budget Available Cognos Report

- ☐ Cognos data is only updated nightly.
- ☐ The following Cognos Report provides Available Budget Information as of the previous day.

Public Folder>Budget & Finance Reports-FI BAVL 001-BUDGET AVAILABILITY LEDGER

REVISING THE OPERATING BUDGET

Revisions to the operating budget may need to be submitted during the fiscal year to revise an existing budget or create a new budget.

Budget Revisions

- ☐ All revisions to the Operating Budget must be submitted through the Banner Self Service or Change of Budget Form.

BALANCED BUDGET

Balanced Budget Formula

The budget within each fund must be balanced based on the following formula. The Budget Revision System will not allow a budget revision to be submitted unless the budget for each fund is balanced.

$$\text{Expense} + \text{Transfers} = \text{Fund Balance} + \text{Revenue}$$

Balanced Budget Examples

	Increase	Decrease
<u>Option 1 – Adjust Budget Within Fund</u>		
140100 260000 720 40 O & M	1,000.00	
140100 260000 710 40 Travel		1,000.00
<u>Option 2 – Budget of Fund Balance</u>		
150240 400000 740 40 Fund Balance	25,000.00	
<u>Option 3 – Budget of Revenue</u>		
189700 243000 560000 90 Sales and Service	50,000.00	
189700 243000 710 90 Travel	15,000.00	
189700 243000 720 90 O & M	35,000.00	

BUDGET OF REVENUE

When to Budget Revenue

- ☐ The revenue budget may be increased if the projected revenue for the entire fund exceeds the budgeted revenue for the entire fund.
- ☐ Revenue budgets for restricted grants and contracts are limited to the amount of the contract or award.
- ☐ Revenue increases are not allowed on Educational and General Funds.
- ☐ Increased revenue budgets should always be considered before budgeting fund balance.

Revenue Analysis

- ☐ Departments must provide sufficient information that clearly indicates the revenue for the entire fund will exceed the budget for the entire fund by at least the amount of the budget revision.
- ☐ If the Revenue Analysis section does not provide sufficient information to justify the increase, additional information must be provided in the comment section or in an attachment.

BUDGET OF FUND BALANCE

Fund Balance Definition

Fund Balance is the cumulative net income or loss generated by the operation of the fund since its inception.

The Use of Prior Year Fund Balance

Fund balance may be used for one-time expenditures such as capital and faculty startup. The intended use of the fund balance must be included in the comments section of the Change of Budget Form.

Amount of Fund Balance Available to Budget

The prior year fund balance, less prior year encumbrances, is the amount of fund balance available to budget for the entire fiscal year. This amount is reduced by any previously budgeted fund balance to determine current amount available to budget.

Funds Allowed to Budget Fund Balance

Budget of fund balance is allowed by department on Other Designated, Auxiliary and Fiscal Year Restricted Funds. Contact the Budget Office regarding the budget of fund balance.

How to Budget Fund Balance

A budget of fund balance should be entered on a Change of Budget Form.

Budget of Fund Balance Examples

	Increase	Decrease
Budget of Fund Balance		
191300 240000 740 90 Fund Balance	50,000.00	
191300 240000 720 90 O & M Budget Pool	50,000.00	
191300 240000 740 90 Fund Balance		50,000.00

HUMAN RESOURCE PAYROLL CYCLE

HR/PAYROLL CYCLE

The basic Human Resources/Payroll cycle consist of the following five steps. Each of these steps is described in more detail below.

- ☐ Position is identified or created
- ☐ Employee is appointed to a position or the employee appointment is changed
- ☐ Employee one-time payments are added to the payroll cycle
- ☐ Payroll is processed
- ☐ Payroll expenses are posted to finance

POSITION

A position must exist in the Banner HR system prior to the recruitment or appointment of an employee. The following information is assigned to each position.

- ☐ **Organization** - Department responsible for the position.
- ☐ **Position Class (Pclass)** – a title in the Personnel Pay Plan which identifies:
 - Exempt vs non-exempt
 - Minimum and maximum salary ranges
 - Part time vs full time
 - Faculty, staff or student
- ☐ **Full Time Equivalent** – The percent that an employee will work during a normal 40 hour work week. A full time employee is considered 1.0 FTE. The FTE for an employee working 20 hours per week would be 0.50.
- ☐ **Budgeted Salary** – Salary to be paid for the position for the entire fiscal year.
- ☐ **Labor Distribution** – Funding source (FOAP) for the position.
- ☐ **Position Status** – A position may be active (ready for use), frozen (not to be filled until a specific date) or closed (no longer available for use).
- ☐ **Single vs pooled**
 - Single positions – one employee per position
 - Pooled Positions – allows for multiple employees with the same position codes. Generally used for students.
- ☐ **Position Effective Date** – The date the position may be filled.
- ☐ **Closing a position**
 - A position that is no longer needed may be closed.
 - An e-mail should be sent to the Budget Office requesting the position to be closed.

Funding

- ☐ The Budget Office will verify funding is available for each new position and reclassification transaction.
- ☐ If funding is not available, the Budget Office will email department concern funding source for the position.

EMPLOYEE ONE TIME PAYMENTS

Definition

Employee One Time Payments are non-recurring payments made to employees for payments over and above their base salary.

Employee One Time Payment System

- ☐ Employee One Time Payments are submitted on an EPAF.
- ☐ Contact Human Resources for any questions related to them.

Deadlines

- ☐ The deadlines are the same as the published EPAF deadlines.
- ☐ Deadlines for EPAFs are available on the Payroll Website. This is the day when the EPAF should be in the Payroll Office.

Funding

- ☐ The Budget Office will verify that funding is available for each EPAF transaction.
- ☐ If funding is not available, the Budget Office will send the creator of the EPAF an email. Then if a change of budget is not received by the third day the Budget Office is calling the department.

PAYROLL EXPENSES POSTED TO FINANCE

Timeframe

Payroll expenses will post to the Finance system at the end of each payroll cycle a few days prior to the pay date.

Employee Appointment Expenses

- ☐ All expenses related to an employee's appointment will be based on the FOAPs currently active in the Labor Distribution section of the employee appointment.

Employee One Time Payment Expenses

- ☐ All expenses related to employee One Time Payments are based on the FOAP submitted on the EPAF transaction.

Payroll Expense Reports

- ☐ Payroll transactions are posted to the Finance system at a summary level.

BUDGET SIDE OF HUMAN RESOURCES

BUDGET AND DEPARTMENTAL RESPONSIBILITIES

Budget Office Responsibilities

- ☐ Human Resources transactions do not have edits that verify available funding at the time the transaction is submitted.
- ☐ The Budget Office must review all Human Resources transactions to verify compliance with funding guidelines and verify sufficient budget exists to support the transaction.
- ☐ If sufficient budget does not exist or the transaction violates a funding guideline, the transaction will be returned to the department for correction.

Departmental Responsibilities

Departments are responsible for verifying compliance with the funding guidelines and verifying sufficient budget exists in the appropriate account codes prior to the submission of any Human Resources transactions.

BUDGET REQUIREMENTS – HR TRANSACTIONS

How Much Budget is Needed?

- ☐ Departments must calculate the additional funding needed for each HR transaction. The amount of funding needed for each FOAP can be determined by using the following steps.
 - **Step 1:** Identify the current funding for the position.
 - **Step 2:** Compare the current funding to the proposed funding
 - **Step 3:** Calculate the amount needed for the remainder of the fiscal year

Where Should Funds Be Budgeted?

- ☐ Funding should be budgeted in the FOAP on the EPAF.

OVERTIME

Overtime Budget Transactions

- ☐ The Department should submit a change of budget moving budget into account code 702100 to cover these expense.

Equivalent Time

Equivalent Budget Transactions

- ☐ The Department should submit a change of budget moving budget into account code 701900 to cover these expense.

Vacation Payoff Time

Vacation Budget Transactions

- ☐ The Department should submit a change of budget moving budget into account code 702301 to cover these expense.

GLOSSARY

adjusted budget – The current fiscal year original budget minus/plus any adjustments (i.e. current budget)

anticipated revenue - The funding you expect to receive during the current fiscal year

available balance - The portion of the budget that reflects expendable financial resources

budget account code (BAC) - Three digit component where funding is placed for anticipated expenses excluding salary and wages, revenue, and transfers. Six digit component is use for salary, wages, revenue and transfers.

budget development – Module of the budget Prep System used by departments to plan for the next fiscal year budget

budget prep cycle - Planning process to develop the annual operating budget for the ensuing fiscal year (9/1-8/31)

budget prep system – Online application that the institution uses to establish the annual budgets

chart of accounts (COA) - The alpha character used by Banner to designate institutions

current budget – The current fiscal year original budget minus/plus any adjustments (i.e. adjusted budget)

data enterable account code – Six digit component specifying where expenses or revenue occur

employee class (eclass/ECLS) - Categorizes employees who share similar leave, benefits, and appointments

employee personnel action form (EPAF) – Online transaction used to initiate changes to an employee's position, FTE, or salary

fiscal year (FY) - The twelve month period from September 1st to August 31st

full-time equivalent (FTE) - Way to measures an employee's productivity and/or involvement in a project

fund - A self-balancing set of codes that identifies ownership of cash or fund balance; it identifies the type of funding source

fund balance - The cumulative net income or loss generated by the operation of the fund since its inception

fund, orgn, account, program (FOAP) – String of components used to identify expenses and revenue in Banner

GLOSSARY- (continued)

inception-to-date (ITD) - Refers to the time frame between the beginning of the fund, grant, or project to the current date

job – Created when an employee is linked to a position

multiyear – A fund that spans two or more fiscal years

operating budget – Planned funding for current operations

original budget – Planned funding (revenue, expense, and transfers) that was established during the budget prep cycle

Organization (ORGN) - Code defines a budgetary or departmental unit

position - A budgeted unit assigned to an organization code; including information such as position class, salary, FTE, and labor distribution information

position class (pclass/PCLS) - A title in the Personnel Pay Plan which identifies: exempt vs non-exempt, minimum and maximum salary ranges, part time vs full time, Faculty, Staff or Student

position title - Name assigned by HR to distinguish Faculty, Staff, or Student ranking based on job duties

program – Two digit component that classifies the function of expenses, revenue, and transfers

proxy - Alternate approver

revenue - Funds earned from activities associated with providing goods and services to entities separate from the university or funds received for endowments, gifts, or grants

salary planner – Module of the budget prep system used by departments to view and update employee and position data for the next fiscal year

targets – State appropriated Education and General funding established by SHSU Administration

transfer - The movement of money between different funds

year-to-date (YTD) – From 9/1, or the effective date of the fund up to the most current point in time