MONTCLAIR STATE UNIVERSITY

Office of Budget and Planning

Budgeting at Montclair State University

Overview for Budget Managers

November 1, 2023

Introduction

- This presentation is for new budget managers and staff that will be involved in budgeting.
- It provides an overview of budget management concepts, departments, systems, and processes.
- See the **Budget and Planning** website for the complete *Budget Policies and Procedures*, and other resources such as forms and job aids.
- Staff responsible for budgeting and purchasing must attend training for Workday Financials. Division and college budget managers must attend training for the Adaptive Planning system.
- For Workday budget training, see the Budget and Planning website announcement of the next *Budget Functions Class,* or call X7428

What is a budget?

- A **budget** is the approved plan or forecast of revenues to be earned, and expenses to be incurred, for a future specified time frame such as a fiscal year.
- An approved budget is also a spending allowance.
- Whereas the budget is a *plan*, **actuals** reflect the *real* revenues and expenses. The calculated difference between a budget and an actuals is called a **variance** from budget or **remaining budget.**
- Revenue minus expense equals the **net income** (i.e. profit or loss). Also known as surplus or deficit.

Ledger Accounts	Budget	Actuals	$ Variance/ Remaining	% Variance/ Remaining
Revenues				
44001:Rental Income	92,000.00	84,504.45	7,495.55	8.1%
44101:Interdepartmental Revenue	20,000.00	10,400.00	9,600.00	48.0%
Total Revenues	***112,000.00***	***94,904.45***	***17,095.55***	**15.3%**
Expenses				
55005:Temporary Employees	45,000.00	5,285.00	39,715.00	88.3%
57010:Student Employee - Grad	500.00	0.00	500.00	100.0%
59810:Fringe Benefits Expense	4,145.50	486.22	3,659.28	88.3%
60101:Materials & Supplies	2,500.00	290.76	2,209.24	88.4%
60120:Maintenance Supplies	500.00	0.00	500.00	100.0%
60501:Services and Fees	0.00	1,947.50	(1,947.50)	
60510:Catering Services and Fees	2,000.00	(108.50)	2,108.50	105.4%
60610:Equipment Repair & Maintenan	5,000.00	0.00	5,000.00	100.0%
63001:Advertising and Marketing	100.00	0.00	100.00	100.0%
66201:Internal Expense - Parking	3,000.00	0.00	3,000.00	100.0%
66215:Interdepartmental Expenses	15,000.00	3,000.00	12,000.00	80.0%
70405:Computer Equipment	500.00	0.00	500.00	100.0%
Total Operating Expense	***78,245.50***	***10,900.98***	***67,344.52***	86.1%
Net Income	**33,754.50**	**84,003.47**		

Office of Budget and Planning

The Office of Budget and Planning (aka Budget Office) reports to the Office of the President and works closely with Finance and Treasury. Duties include:

- Management of the University's operating budgets, gifts, and capital appropriations
- Oversee the annual budget planning process (Budget Call)
- Provide reporting and analysis to the President, Board of Trustees and others
- Review budgets for proposed new programs
- Approve budget amendments and re-allocations
- Position budget management (personnel budgets)
- Manage and recommend budgeting policies
- Prepare the annual State appropriation request
- Manage the *Adaptive Planning* system

Learn more at www.montclair.edu/budget-planning/

Division of Finance and Treasury

Finance and Treasury reports to the Office of the President. Areas of responsibility include:

- Financial management and Treasury
- Controller, Accounting, Audit
- Grants budgeting and accounting
- Student Accounts (billing)
- Procurement (purchasing)
- Investments, debt management
- Real estate management
- Risk management

Learn more at www.montclair.edu/finance-and-treasury/

MSU Foundation

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

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

Budget Managers

- Vice Presidents and Deans have budget responsibility for their division or college.
- Each division/college has a designated budget manager, with the Workday role: **division manager.**
- A **cost center manager** is a Workday user, typically a department head, that is responsible for approving purchases and managing their department budget.
- Division managers and cost center managers are accountable for financial performance against their budgets, and must follow University policies.

Budget Cycle

- **Budget Call**, the process to develop next year's budget, begins in March and ends in June.
- The annual operating budget is approved for the duration of a **fiscal year**, July 1 to June 30. As needed during the year, cost centers may submit budget amendments (transfers).
- Division Managers, Cost Center Managers and the Budget Office monitor budgets throughout the year.
- In June, the Budget Office makes **year-end close** adjustments, such as transfers to capital.

Budget & Planning Calendar*

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

** Dates are approximate.*

Systems and Data Integration

Systems Used for Budget Management:

- **Workday Financials** is the official financial transaction system for procurement and accounting. It also stores approved budgets, and it "budget-checks" transaction amounts against the remaining budget.
- **Adaptive Planning** is the system for developing the annual operating budget, which is then uploaded to Workday Financials. It also provides reports using data imported from Workday.

Systems that Interface with Workday and Adaptive Insights:

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

Workday Financials and Reporting

- Workday Financials is the official financial transactional system for MSU and it is updated continuously.
- Workday shows current approved budgets which should be checked for availability before spending. Purchase requisitioning requires sufficient available budget.
- The report, *Operating Budget Variance (R002),* shows budget availability, summarized by account for a particular cost center.

Montclair State University	*FY 2023*								
Report ran on 03/09/2023 for Period FY 2023 - 09 Mar	Original Budget	Amendments	Revised Budget	Actuals	Obligation	Commitment	Reserved Journals	$ Remaining	% Remaining
Other Sources	0.00	80,000.00	80,000.00	119,000.31	0.00	0.00	190.00	(39,190.31)	(49.0%)
Auxiliary Enterprises	0.00	247,494.00	247,494.00	75,124.06	0.00	0.00	(5,950.00)	178,319.94	72.1%
Internal Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Total Operating Revenues	*0.00*	*327,494.00*	*327,494.00*	*194,124.37*	*0.00*	*0.00*	*(5,760.00)*	*139,129.63*	*42.5%*
Personnel	420,453.00	7,805.00	428,258.00	104,057.95	83,264.49	0.00	0.00	240,935.56	56.3%
Temporary Personnel	(108,281.00)	0.00	(108,281.00)	45,290.00	0.00	0.00	0.00	(153,571.00)	141.8%
Fringe Benefits	29,181.00	21,583.00	50,764.00	29,340.87	23,397.39	0.00	0.00	(1,974.26)	(3.9%)
Total Personnel Expense	*341,353.00*	*29,388.00*	*370,741.00*	*178,688.82*	*106,661.88*	*0.00*	*0.00*	*85,390.30*	*23.0%*
General Operating	616,374.00	(47,780.00)	568,594.00	468,743.77	53,729.73	0.00	(38,059.00)	84,179.50	14.8%
Travel	144,400.00	28,340.00	172,740.00	60,210.99	0.00	801.12	0.00	111,727.89	64.7%
Advertising and Marketing	287,338.00	(16,690.05)	270,647.95	198,967.83	24,600.00	0.00	3,900.00	43,180.12	16.0%
Internal Chargeback	8,500.00	6,688.00	15,188.00	10,862.86	0.00	0.00	0.00	4,325.14	28.5%
Equipment and Capital Expense	0.00	1,300.00	1,300.00	1,064.70	0.00	0.00	0.00	235.30	18.1%
Total Non-personnel Expense	*1,056,612.00*	*(28,142.05)*	*1,028,469.95*	*739,850.15*	*78,329.73*	*801.12*	*(34,159.00)*	*243,647.95*	*23.7%*
Total Operating Expense	*1,397,965.00*	*1,245.95*	*1,399,210.95*	*918,538.97*	*184,991.61*	*801.12*	*(34,159.00)*	*329,038.25*	*23.5%*
Net Income	(1,397,965.00)	326,248.05	(1,071,716.95)	(724,414.60)					

Worktags

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

Fund Worktag

Fund segregates funding sources and their allowed uses.

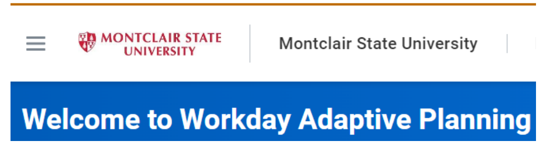
- F10: Unrestricted Operating Fund
- F11: Auxiliary Fund (e.g. residence life, recreation center)
- F12: Self-Supporting Fund (revenue centers)
- F13: Special Program Fees
- F14: Indirect Cost Share (grant F&A overhead)
- F16: Grants Cost Sharing Fund
- F20: Sponsored Awards Fund (grants, sponsored research)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

Workday Budget Checking

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

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

Adaptive Planning for Budgeting and Reporting



- Adaptive Planning is a system used during the annual "Budget Call" to collect and review the proposed operating budgets before they are loaded to Workday Financials.
- In addition to Workday reports, budget managers can also use Adaptive reports to monitor their budgets. Data are imported weekly from Workday into Adaptive.
- Note: Use Workday (not Adaptive) to report *real-time* actuals and budget availability, procuring goods and services, or investigating invoices.

MONTCLAIR STATE UNIVERSITY

Budget Variance Report

Department: **2206101 - ENGLISH**

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

Budget Call – Annual Budget Development

- Montclair uses Adaptive Planning to develop the annual budget for the next fiscal year. Known as **Budget Call**, this process begins in early March and ends mid-June.
- Budget Office provides divisional **base budget targets** for Fund F10. Divisions make reallocations within their target.
- Funds F11-F14 are self-supporting. Managers forecast revenue and expense budgets that meet net income goals.
- VPs and Deans request “New Initiatives” funding for new costs.
- Budget Office reviews submissions, and budgets personnel and fringe. Divisions attend budget meetings with the Provost and/or President. Approved budgets for the coming year are loaded from Adaptive to Workday.
- In July, the Board of Trustees approves the new budget.

Budget Call Planning Factors

- Projected future **enrollment** or **clients** are the key **drivers** of revenues such as tuition, fees and sales. Enrollment also drives instructional or program expenses such as faculty and adjunct salaries.
- Prior and current **spending patterns** help managers predict future spending patterns.
- Reallocating resources to address shifting **priorities**.
- **Program enhancements** and **new programs** call for budget re-allocations or new funding.
- Budget Call **policies and procedures** are shared annually in a separate memo.

New Program Budget Planning

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

Budget Management

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

Budget Amendments in Workday

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

Budget Amendment Types

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

Budget Office Contacts

- James Solodar, *Assistant Vice President of Budget and Planning X6956*

- Kevin Andreano, *Associate Director for Budget Planning and Analysis x7053*
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- Carole A. Schaffer, *Associate Director of Budget and Planning Operations x6946*
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- Deborah Fernbacher, *Senior Budget Analyst x4056*
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- Nikyia Rogers, *Data Analyst x6808*
  Liaison to Enrollment Management

- Stephanie Mayer, *Budget Analyst x7496*
  Liaison to CEHS, CHSS, SBUS, School of Nursing, Human Resources, and University Facilities

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