

MINNESOTA STATE UNIVERSITY, MANKATO

M&E BUDGET POLICIES FY05-FY07

I. Introduction

Minnesota State University, Mankato believes that the allocation of campus resources should be based on institutional budget priorities. Each administrative division is assigned a budget by the University and is expected to operate and manage all costs within that allocation for the operation of their division.

- **Budget Policies and allocations are aligned with the University's mission and strategic goals (<http://www.mnsu.edu/president/priorities/>) and as reflected in the Budget Planning Principles. (See Appendix A)**
- **Budget Policies will be reviewed in the fall at the beginning of each biennium to determine if any additions or amendments are needed.**
- **Timelines in support of these Budget Policies reflect ability for input from the entire campus community with requests, review and allocation of resources. (See Appendix B)**
- **Forms and Instructions can be found in Appendix C (including website information).**

II. M&E Budgets

The University's M&E budget is driven primarily by an enrollment formula (credit hour production) through which the Minnesota State Colleges and Universities office distributes additional state supported allocation for salaries, fringe benefits, supplies, equipment, utilities, travel, and contracted services for the operation of the University.

A. Salary Allocation

1. Each year the unclassified and classified salary budget is distributed to each division based on the ending staffing plan from the previous fiscal year.
2. Base salary budgets will be adjusted for the following:
 - Changes in salary settlements by bargaining units including payments from prior year settlements, i.e. equity adjustments.
 - Annual classified step increases
3. Any changes to the current staffing plan require the following:

- Prior approval by the President (or designee).
- Effort shall be made to determine if vacant full-time positions warrant continuation at full-time status or can be recast to less than full-time, in part to address some staff members' desire for limited time assignments.
- Divisions shall review the duties associated with a vacant position to determine if the position can be eliminated or duties consolidated with another position.

B. Non Salary Allocation

1. Non salary funds are allocated to support the programmatic and administrative activities of each unit.
2. Non salary allocations, including student help support, are made to divisions based on available resources. These allocations may be adjusted to meet changing needs of the University or within the division.
3. Allocations to departments may change each fiscal year and are approved and distributed at the division level.

C. Equipment Allocation

Each fiscal year the University determines what part of its M&E allocation shall be set aside for equipment and furnishings. (See Appendix B for timelines.)

1. Core Block Equipment

- 60% of the University equipment budget will be distributed in allocations to divisions
- Distribution of this budget will be made based on a calculation formula which incorporates staffing, prior year and current staffing and historical non salary and equipment support (See Appendix D).

2. Institutional Equipment and Furnishings (See Appendix C for Process)

- 40% of the University equipment budget will be distributed based on the following criteria:
 - Contributes to the University's mission and priorities
 - Emphasis on instructional equipment and classroom furniture
 - Meets division priorities
 - Contributes to technology efficiencies
 - Involves institutional partnership among colleges and divisions
 - Has broad institutional impact
 - Addresses health and safety concerns
 - Higher priority if supported by matching funds
- Timeline for institutional equipment and furnishings is found in Appendix B

D. Centrally Funded Costs

“Centrally funded costs” include expenditures that cannot be easily attributed directly to any one of the major central administrative areas or divisions.

Items included as Institutional costs and funded centrally are as follows:

1. Contractually mandated pay adjustments (e.g., step and anniversary increases). (All B.U.)
2. Funds to cover an increase of classified salary when bidding / acceptance occurs of a posted position due to contract liability.
3. Achievement awards approved by the University consistent with bargaining union contract language. (MAPE & MMA)
4. Relocation expenses for new hires in the position of excluded managers.
5. Building and art insurance.
6. Institutional memberships which have historically received central funding.
7. State work study match.
8. M&E Graduate Assistant stipends.
9. Tuition refunds.
10. Unemployment compensation/workers compensation/other benefits
11. Fringe benefits (FICA, Retirement, and Insurance) for M&E allocations only.
12. Fines and assessments including OSHA and MPCA related penalties
13. Senior management realignment. (Excluded)
14. Grievance settlements.
15. Separation payments for insurance and sick leave and early retirement incentives. (FA)
16. Paid health insurance for retirees based on bargaining union contract.
17. Equity pay adjustments.
18. Space Rentals & Leases

E. Strategic Priority Initiative Fund

In support of the University’s strategic priorities and new initiatives, funds will be available to be used by the President as needed to take advantage of these new opportunities.

Funding for new initiatives will come from unexpended salary and non salary balances at the end of the fiscal year that are returned to the Reserve. Of these unexpended balances, up to ___% of the total M&E expenditure budget for the current fiscal year will be available for use for these new initiatives. Any balance left in this Initiative Fund at the end of the fiscal year will be returned to the Reserve.

The process and forms to apply for this funding are available in the office of Academic Affairs.

F. University Reserve

The “University Reserve” fund shall exist to:

1. Act as a depository of funds set aside to help cushion adverse swings in tuition revenue and state appropriations
2. Underwrite the cost of unanticipated expenses.
3. The “central reserve” shall have a budget target of 5% of the total M&E budget which is consistent with the Minnesota State Colleges and Universities policy.

G. Carry Forward of Division Budgets

1. Salary Budget

If a division has unexpended salary budget at the end of a fiscal year, the surplus will revert back to the University reserve.

If the division has a deficit salary budget balance at the end of a fiscal year, 100% of this deficit balance will carry forward to the next fiscal year. In effect, this will reduce a division’s available salary budget in the following fiscal year.

2. Non Salary Budget

If a division has unexpended non salary budget at the end of a fiscal year, the carry forward of these funds will be handled in the following manner:

- An allocation shall be made from the unexpended non salary budget to cover any outstanding encumbrance that is carried forward to the next fiscal year.
- Should non salary budget still remain, up to 2% of the original non salary base will be allowed to carry forward to the next fiscal year.
- If a division has a deficit non salary budget balance at the end of a fiscal year, 100% of this deficit balance will carry forward to the next fiscal year. In effect, this will reduce a division’s available non salary budget in the following fiscal year.

3. Equipment Budget

If a division has unexpended equipment budget at the end of a fiscal year, the carry forward of these funds will be handled in the following manner:

- An allocation shall be made from the unexpended equipment budget to cover any outstanding encumbrance that is carried forward to the next fiscal year

- Any remaining positive budget balance will revert back to the University reserve
- If a division has a deficit equipment budget balance at the end of a fiscal year, 100% of this deficit balance will carry forward to the next fiscal year. In effect, this will reduce a division's available equipment budget in the following fiscal year.

H. Carry Forward Appeals Process

Divisions may submit to the Budget Office appeals to the carry forward policy to allow for additional carry forward funds if special circumstances apply. Special circumstances would include situations where purchases were delayed due to situations deemed beyond a division's control.

I. Conversion of Salary Dollars

Unclassified or classified salary savings during the fiscal year may be converted for personnel-related expenses (except student payroll) when special circumstances warrant. The conversion of salary dollars requires a written explanation and is subject to a compliance review by Finance & Administration.

J. Conversion of Non Salary Dollars

Non salary dollars may not be converted to personnel related expenses.