

Financial Management Guidelines and Procedures

The financial position and future of the Colorado School of Mines is dependent on several variables including enrollment, research growth, changes in industry demand, and competing institutions at the national and international levels. In order to capitalize on these variables and respond to the challenges they may present, the school must maintain a strong financial position, flexible resources, and accountable financial management. These financial management guidelines were designed to provide the ability to track, forecast, and project current and future resource needs in order to respond to the changing financial environment and the continuously strengthen the university's financial position.

Financial Management is performed on all sources and uses of funds; unrestricted, designated, and restricted. Unrestricted operating budgets (education and general, and undesignated auxiliaries) are approved by the line item category as described below; designated budgets are subject to the purpose of the fund sources; and restricted budgets are subject to the policies and instructions of the sponsor or donor.

Budget Stages

Prior to approval by the Board of Trustees, there are several steps in developing the budget, all of which are interrelated. While developing the budget, it is critical to review the cumulative impact of current year activity and decisions on long-term projections. These stages are outlined below:

- *Annual Budget Development* - a detailed Board approved budget incorporating projections, departmental requests and institutional strategic investments.
- *Budget Management* - Allocation of the annual budget to colleges and individual departments and the ongoing monitoring of how and when those budgets are utilized.
- *Forecast Development* - quarterly changes to the annual budget must be approved by the Board of Trustees and are derived from unanticipated changes to projections, subsequent departmental requests, and unanticipated expenditures or savings.
- *Projections* - a ten year impact projection model, using various assumption scenarios, providing a long term outlook based on current year decisions.

Budget Components

Budgets are allocated in three major categories: Labor, Operating, and Capital as defined below. The development and usage of each category is detailed in separate sections of these guidelines. Mid-year realignments of budget from one category to another must be approved through the forecast process.

- Labor - includes salary and benefits for: academic and research faculty, administrative faculty, classified staff, hourly staff, adjuncts, graduate support, personal service contracts and student employees.
 - FTE for budgeting purposes includes all academic faculty, administrative faculty, transitional faculty, and classified staff. It does not include research faculty, adjuncts, graduate TA's and RA's, temporary, or students.

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- Operating - expenditures and transfers that are not labor and are used to provide goods and services to support a specific program. It also includes single item equipment expenditures or capital projects below \$25,000.
- Capital - capital projects and/or equipment where total costs are greater or equal to \$25,000 and/or are funded from the capital budget (see Capital Budget Guidelines).

Forecast Adjustments

Three forecasts are developed during the year that provide for an avenue to address unplanned changes from what was approved in the annual budget process. The President has committed that he will present to the Board of Trustees, for their approval, any requested changes to the budget as reflected in each of the three forecasts. Adjustments prior to Board approval are allowed in two situations: 1) when there is unanticipated enrollment increases that have a direct impact on the classroom and new faculty, adjunct, TA's or classroom material are required to mitigate that impact; and 2) in emergency situations where expenditures are required to prevent business interruptions. Such forecast adjustments will be reported to the Finance and Audit Committee during their next regularly scheduled meeting.

Each month, the Budget Office will review budget to actual activity. Major variances must be explained by respective areas. Then, three times during the year, a full funds forecast will be requested from each major area as determined by the Budget Office. These forecast periods provide an opportunity to request approval for a modification (increase or decrease) to a current year budget allocation. Forecast requests shall be approved by each Vice President for their respective area or Dean in the case of Colleges. To ensure adequate budget exists for the university as a whole, the Executive Vice President for Finance and Administration (EVPFA) will approve the forecast in its entirety before submitting to the President for approval and then the Finance and Audit Committee and Board of Trustees for consideration of approval.

The following forecast adjustments must be approved prior to allocation:

- Revenue modifications
- FTE increases with or without a budget impact
- Operating and Labor budget increases or decreases
- Vacancy savings (see Vacancy Savings below)
- Realignments of budget between categories: Labor, Operating or Capital (See Attachment A)

Once approved, these adjustments will be allocated in Banner.

Realignments of budget within the same category do not require approval prior to making the adjustments (e.g. moving operating budget from one department to another, or moving an FTE budget from one college to another). Also, the Academic Departments have the flexibility to realign between TA, adjunct, student hourly and operating budgets at their discretion.

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Unused Budget

Colleges and Academic Departments may carry forward year end unused budget into a subsequent year that is derived from operating, TA, adjunct or student hourly budgets, excluding any new budget allocated and/or forecast adjustments. These funds may accumulate up to the annual amount of the respective operating budget only and can be used at the discretion of the Dean or Department head. In no circumstances will any other excess funds whether derived from excess revenue or savings in expenses will be carried forward into subsequent years to pre-fund future year projects, expenses or any other purpose.

Collaboration

Below is an example of the areas that will be required to provide information to the Budget Office for monthly variance analysis as well as the forecast process. Note that the list below may not be all inclusive and at times more or less frequent meetings may be required.

Financial Management		
Area	Monthly	When
		Forecast
Colleges/Academic Departments	Positions	Operating
CCIT		Positions and Operating
All other Academic Affairs		Positions and Operating
Facilities Management	Positions	Operating
All other Finance and Administration		Positions and Operating
Student Life	Positions	Operating
Athletics		Positions and Operating
Financial Aid		Operating
All other Student Life		Positions and Operating
VPRTT		Positions and Operating
SPACE		Positions and Operating
All other VPSE		Positions and Operating
President's Office		Positions and Operating
All other President's Office		Positions and Operating

Labor Budget and Vacancy Savings

Position budgeting is in place for all academic faculty, administrative faculty, transitional faculty, and classified staff. We do not use position budgets for research faculty, adjuncts, graduate TA's and RA's, temporary, or students. Position budgets are allocated in the Banner system by labor type account code. These codes are detailed in Attachment B.

Labor budgets are aligned with existing positions to properly track available FTE. If a vacant FTE does not have budget, then it is not available to fill unless the respective area requests a permanent reduction in operating funds to create a labor budget via an approved forecast adjustment. Therefore, a position

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may not exist without a budget. If budget is realigned from a position, that position must be abolished or a plan for backfilling that budget must be submitted to the Budget Office and approved by the EVPFA within the same fiscal year that the position budget was removed. New FTE or reductions in FTE must be requested/reported with the budget or forecast development process except for those situations where new adjunct or faculty positions are needed due to unexpected enrollment increases that have a direct impact on the classroom. Realignments of salary from one position to another do not require additional approvals.

Vacancy savings from positions with budgets are created from a variety of situations and should be budgeted in anticipation of vacant positions. Vacancy savings incurred during the year will first be used to fulfill the budget for current year operations before any other forecast adjustments will be considered. Each type of savings must be tracked via position control feature in Banner to determine the appropriate budget adjustment. Any positions that become vacant during the year must be reported to the Budget Office within the first month of the vacancy. The following list outlines the general treatment for each type of vacancy savings after the budget commitment has been fulfilled:

New approved FTE, not filled - the position will be held in a Budget Office central account and the budget will be reduced by the estimated savings (based on hire date) in the first quarter forecast adjustment. New faculty positions in the search process will be held in a separate Budget Office account in order to track those positions already committed to a department.

Existing FTE vacancies for classified, academic faculty and administrative staff - typically due to normal turnover. All vacancy savings (except for those generated from sabbaticals, charge out and custodial staff) above the budgeted amount will be held in central budgeted accounts designated for each Vice President. The Vice Presidents may use these savings in two ways: 1) to backfill the vacated position that generated the savings with temporary staff or adjunct and 2) for one-time expenditures to be expended within the current fiscal year pursuant to the annual cumulative thresholds below:

- Provost - \$50,000
- Deans - \$50,000 each (total of \$150,000)
- Executive Vice President of Finance and Administration - \$40,000
- Vice President for Student Life - \$40,000
- Vice President for Research and Technology Transfer - \$10,000
- Senior Vice President for Strategic Enterprises - \$10,000

If there are not enough savings to fund the budget commitment, the above thresholds will be reduced proportionately until the vacancy savings budget is fulfilled. Any use beyond the above thresholds will require a forecast adjustment approved through the forecast process prior to use of the savings for one-time capital and operating items. All other savings will be included in the forecast to reduce the overall labor budget.

Custodial FTE - due to the high turnover in this position class, all vacant positions are kept within the Facilities Management department. An annual estimate of total savings is calculated and a "lump sum" labor budget reduction is included in the first quarter forecast adjustment and reviewed monthly to determine if additional modifications are required.

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Sabbatical Savings - Academic Affairs retains these savings to backfill the position and to realign the savings for other purposes. The allocation of Sabbatical Savings is provided below:

- 93% of salary will be allocated to the College
- 7% of salary will be allocated to the Provost
- 100% of the fringe will be allocated to the provost

Research Charge Out - some faculty may "buy out" of teaching a course to pursue a research project. In those situations the department retains the salary savings to backfill that position and to realign the savings for other departmental purposes. Charge out must relieve the general fund of the salary and benefit expense. The current distribution of these savings is as follows:

- 90% of salary will remain with the departments with \$6,800 (plus fringe) to fund adjuncts
- 10% of salary will be allocated to the Dean
- 50% of the fringe will be allocated to the Dean
- 50% of the fringe will be allocated to the Provost

Other – adjunct, workstudy, undergraduate research match and graduate support and other miscellaneous labor will be reviewed and updated during the departmental review. Estimated savings will result in a budget reduction for the quarterly forecast.

Permanent savings may also exist when a position is filled at a lower salary than budgeted. In these situations, each Vice President is allowed to retain that savings to reallocate to other positions as necessary. These savings are tracked in unique position codes for each Vice President. These codes are also outlined in Attachment B.

Vacancy savings may not be used for permanent budget adjustments and may not be rolled to a future fiscal year.

Operating Budgets

Approved operating budgets are allocated to each department once the budget is approved. In general, operating budgets are allocated to a budget "pool" and not by account type unless specifically requested by a department. There are some transfer budget codes that are used for tracking specific activity. All operating budget codes are detailed in Attachment C.

Operating budget may only be used for the general operations of the program in the year in which it is allocated. Transfers that are not budgeted are not allowed unless approved by the Budget Office. Operating budgets may not be used for capital projects, renovations or equipment where the cost exceeds \$25,000. Such projects must be submitted and approved through the capital request process. Realignment of operating budget to labor must be included in a forecast adjustment request and approved by the President and the Board of Trustees. Realignment of operating budgets between programs (operating budget moved between two academic departments) does not require additional approvals.

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Budget Development and Projections

The projections and annual budget development are a year-long process and requires input from several departmental representatives throughout campus. In addition, this process is vetted with the institution's Budget Committee during monthly meetings typically from September through April. A high level schedule is provided below and a more detailed calendar may be found in Attachment D.

Budget Development Calendar (dates are approximate)

- August-December - Budget Office updates the projection models and develops budget for mandated costs and strategic investments
- January 1 - Budget Office Calls for Requests
- March 1 - Vice Presidents submit prioritized requests for their respective areas to the Budget Office
- March 1-31 - Vice Presidents prioritize all budget requests with strategic investments
- March Board of Trustees Meeting - Executive Vice President for Finance and Administration (EVPFA) updates the Board of Trustees regarding tuition, student fees and charges, and the expenditure budget
- April 1 - Executive Committee review prioritized requests
- April 15 - Budget Committee votes to submit formal recommendation for the following:
 - Salary and Benefit Actions
 - Tuition Increases
 - New Fees and Charges
 - Current Fees and Charges
 - Prioritization of budget requests (includes new FTE)
- April 20 - Executive Committee and President reviews Budget Committee Recommendation
- May 1 - Budget recommendation from the President submitted to the Finance and Audit Committee for review and recommendation to the Board of Trustees
- May 20 - Budget recommendation submitted to the Board or Trustees for review and approval

Budget Committee

The Budget Committee is defined in the Faculty Handbook, section 12.3 which states:

The Budget Committee shall be responsible for gathering and analyzing appropriate data regarding the budgetary requirements of CSM, preparing proposed annual budgets for CSM, preparing proposed budgetary revisions from time to time, and advising the President and the CSM administration on budgetary matters and long-range fiscal planning.

The appointed membership of the Budget Committee shall consist of two academic department heads, three full-time academic faculty members, and one full-time administrative faculty member. One of the academic faculty members must be a Faculty Senator and shall serve as a representative of the Faculty Senate. Additionally, the Provost, the Senior Vice President for Finance and Administration, the Vice President for Student Life and Dean of Students, the Vice President for Research and Technology

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Transfer, and the Senior Vice President for Strategic Enterprises shall serve as voting, ex officio committee members. The Executive Director of the CSM Foundation shall serve as a non-voting, ex officio committee member.

University-wide Projections

Some increases impact the entire institution and are projected by administrative groups across campus. Examples included mandated salary increases for classified staff, fringe benefit increases, utilities etc. Below is a list (not all inclusive) of information that is required of several groups across campus:

- Institutional Research and Admissions - Undergraduate Enrollment projections
- Graduate Office - Graduate Enrollment Projections
- Financial Aid - Institutional financial aid expenditure projections
- Registrar's Office - Graduation projections
- Academic Affairs - Undergraduate summer enrollment projections; faculty startup
- Student Life - Auxiliary revenue and expense projections
- ORA and VPRTT - Research activity and Indirect Cost Return Projections
- Human Resources - Salary increases for classified staff and benefit increases applicable to all faculty and staff.
- Facilities Maintenance - Utility adjustments
- Center for Computing and Informational Technologies – Campus wide licensing increases

Deadlines for submitting projections are different for each area and a detailed schedule is provided in Attachment E. In addition to projections, each area is required to submit current year updates to the Budget Office each quarter to provide changes to the Forecast (the 15th day of September, December and March).

Departmental Requests

Each Vice President (and other direct reports of the President) are responsible for prioritizing departmental requests for their respective areas and submitting their prioritized requests to the Budget Office. Once the Budget Office has compiled one list for the entire university, led by the EVPFA, the Vice Presidents will coordinate and prioritize the requests along with university-wide increases and strategic investments.

These requests may include labor, capital or operating increases or realignments. Each request must indicate how it aligns with the institution's strategic plan or meets a critical need in order to be considered.

Budget Office and Executive Committee

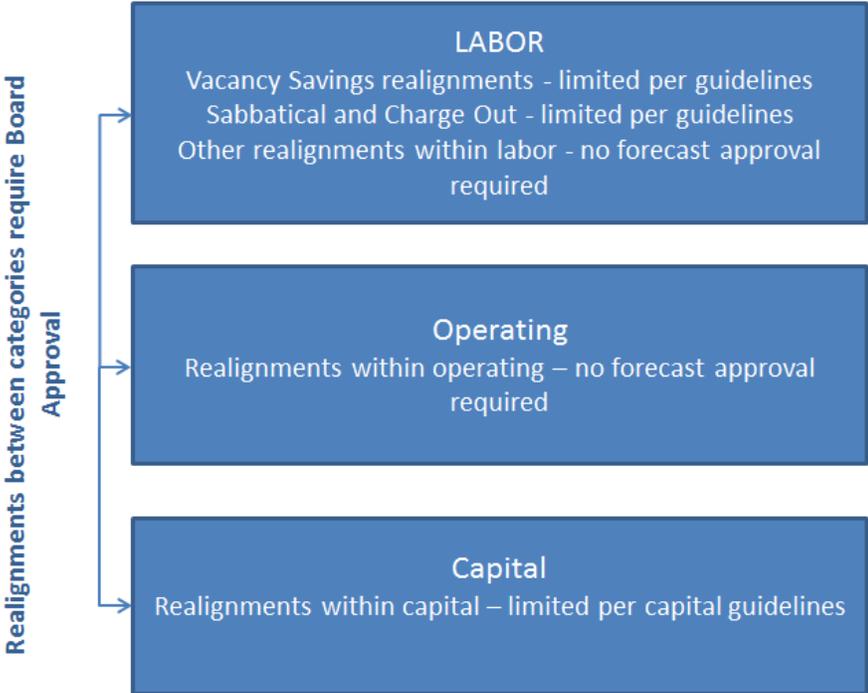
The Budget Office will coordinate and develop the projection models, the university-wide increases and departmental requests. As projections and various scenario models are developed they will be provided to the Executive Committee and Budget Committee for review. Based on this and other external information, the Executive Committee will develop recommendations for policy increases, including (but not limited to):

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- Tuition
- Student Fees
- Financial Aid Allocations

The Budget Office will present the annual budget model to the Budget Committee for final review and approval of their recommendation. Once approved by the Budget Committee, their recommendation will be submitted to the President who, upon approval, will submit to the Board of Trustees Finance and Audit Committee for their consideration before submitting to the Board of Trustees for final approval at the May Board of Trustees Meeting.

Budget Realignment Approvals



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Attachment B

Labor Budget Account Codes		
Position Budget Account Codes		
Description	Account	
Academic Faculty	5210	
Acad Faculty Fringe Benefits	5130	
Administrative Faculty	5212	
Admin Faculty Fringe Benefits	5137	
Classified Full Time	5201	
Classified Permanent Part Time	5202	
Classified Temporary Full Time	5203	
Classified Temporary Part Time	5204	
Classified Fringe Benefits	5100	
Classified Temp Fringe Benefits	5139	
Research Faculty	5211	
Research Faculty Fringe Benefits	5138	
Other Labor Account Codes		
Description	Account	
Adjunct Faculty	5220	
Temporary Faculty Fringe Benefits (Adjunct)	5135	
Classified Overtime	5206	
Grad Salary Budget Pool	5215P/5213/5214	
Grad Tuition Budget Pool	5118P/5119	
Hourly Student Help	5218	
Research Faculty Wages Budget Pool	5211P	
Research Fac Benefits Budget Pool	5112P	
Tuition Waiver-Classified	5141	
Tuition Waiver-Faculty/Admin	5142	
Academic Fac-Sabbatical Savings	5210S	
Academic Faculty-Chargeout Savings	5210C	
AF Benefits Budget Pool-Chargeout	5130C	
AF Benefits Budget Pool-Sabbatical	5130S	
Contracted Professional Services	5129	
Independent Contractors	5125	
Part Time Research Support	5231	
Personal Service Contracts	5124	
Temporary Admin Fac, PT	5225	
Permanent Vacancy Savings		
Pooled Position Number	Description	Employee Type
Academic Affairs		
SVADAA	Savings-Admin Fac-Acad Affairs	Administrative Faculty
SVAFFA	Savings-Acad Fac-Fin & Admin	Academic Faculty
SVCLAA	Savings-Classified-Acad Affair	Classified Staff
Finance & Administration		
SVADFA	Savings-Admin Fac-Fin & Admin	Administrative Faculty
SVAFFA	Savings-Acad Fac-Fin & Admin	AF
SVCLFA	Savings-Classified-Fin & Admin	Classified Staff
President		
SVADPR	Savings-Admin Fac-President	Administrative Faculty
SVAFPR	Savings-Acad Fac-President	Academic Faculty
SVCLPR	Savings-Classified-President	Classified Staff
Research and Tech Transfer		
SVADRT	Savings-Admin Fac-Res&Tech	Administrative Faculty
SVAFRT	Savings-Acad Fac-Res&Tech	Academic Faculty
SVCLRT	Savings-Classified-Res&Tech	Classified Staff
Student Life		
SVADSL	Savings-Admin Fac-Stdnt Life	Administrative Faculty
SVAFSL	Savings-Acad Fac-Stdnt Life	Academic Faculty
SVCLSL	Savings-Classified-Stdnt Life	Classified Staff
Institution		
SVNWAF	Savings-New Academic Faculty	Academic Faculty

Operating Budget Account Codes	
Description	Account
Operating Budget Pool	5300P
Capital Outlay Budget Pool	5905P
Non-Mandatory Transfer In	8870
Transfer Budget Pool	8970P
Debt Transfer Budget Pool	8971P

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Attachment D

Budget Development Calendar (dates are approximate)		
Important dates for the State		
Major Colorado School of Mines due dates		
VPs work with respective areas	January 1	Budget Office Calls for Requests
	January 26	CSM census day
	February 10	Revenue estimates due to JBC/Legislative Council
	February 15*	Budget Committee meeting - Budget Office presents projections with mandated costs
VPs prioritize all requests	March 1	Prioritized departmental requests due to the Budget Office from the Vice Presidents
	March 5	Joint Budget Committee figure setting
	March 20	March state revenue forecast
	March 15*	Budget committee meeting-Discuss tuition rates, mandated costs and salary actions
VPs work with President and Executive Committee to review and provide feedback on all budget requests	March 31	Vice Presidents' prioritized budget requests with strategic investments due to the Budget Office
	March/April	Board of Trustees meeting- tuition update, budget update, review of student fees and charges
	April 1	Prioritized budget requests discussed by Executive Committee
	April 5	Budget committee meeting to begin review of prioritized budget requests and review of FY15 budget scenarios. Discuss tuition rates, mandated costs and salary actions.
Final Presidential Review	April 15*	Budget Committee meeting to submit formal recommendation of budget: <ul style="list-style-type: none"> - Salary and benefit actions - Tuition increases - New fees and charges - Current fees and charges - Prioritization of budget requests (includes
	April 20	Executive Committee meeting to review Budget Committee recommendations
	May	Long bill signed
	May 1	President submits budget recommendation to the Finance and Audit Committee
	May 20	Board of Trustees meeting - approve budget and tuition rates
*Budget Committee meets the third Thursday of each month. Additional meetings may be scheduled in March and April to finalize the budget recommendation.		

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Attachment E

University Wide Projection Time Line		
Responsible Department	Required Estimates	Dates
Institutional Research and Admissions	Undergraduate Enrollment projections	March for projected admissions in following year; Spring and Fall Census forecast update
Graduate Office	Graduate Enrollment Projections	March for projected admissions in following year; Spring and Fall Census forecast update
Financial Aid	Institutional financial aid expenditure projections	March for projected expenditure in following year; Spring and Fall Census for forecast update
Registrar's Office	Graduation projections	September and March
Academic Affairs	Undergraduate summer enrollment projections; faculty startup	March
Student Life	Auxiliary revenue and expense projections	October for budget; Spring and Fall Census for forecast update
ORA and VPRTT	Research activity and Indirect Cost Return Projections	October for budget; September, December and March for forecast update
Human Resources	Salary and Benefit Increases	November for benefit budget; April for salary budget
Facilities Maintenance	Utility adjustments	October for budget; September, December and March for forecast update
Center for Computing and Informational Technologies	Campus wide licensing increases	January for Budget