

# Budgeting





# Today You Will Learn...

- What the annual budget and five-year planning process is
- The process for new initiatives and funding requests and when they are reviewed
- What happens to unfunded initiatives
- How non-payroll and payroll reallocations are processed
- Why quarterly projections are important
- What is required for carry forwards
- What happens if I go over budget



# Annual Budget & Five-Year Planning

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- Q. What is the Annual Budget & Five Year Planning process?
- A. The Board of Trustees provide the framework for the Annual Budget process
- *October*: Year end review; 1<sup>st</sup> quarter projection; initial look at enrollments and overall budget assumptions
  - *February*: Tuition rates, fees & financial aid levels approved; mid-year projection
  - *May*: Budget approved; 3<sup>rd</sup> quarter projection



# Annual Budget & Five-Year Planning

Q. How does Babson determine the budget?

A. Babson uses an “incremental approach” to budgeting.

- Base budgets are established and the current year budget is the starting point for following years.
- Available resources are projected in the 5-Year plan
- Incremental increases to the budget are evaluated individually on the basis of their own merit and then weighed against the competing funding needs of others



# New Initiatives & Funding Requests

Q. How do I get additional budget funding for general cost increases and new initiatives?

A. Through the annual process, the budget office will identify general inflationary increases to items such as salary, benefits, utilities, travel, office supplies, etc.

Additional funding for new programs, initiatives, capital needs or cost increases above general inflation must be detailed and submitted to the Budget Office for review and approval.



# New Initiatives & Funding Requests

Q. When can requests for additional funding be submitted?

A. There are two formalized timeframes to submit funding requests:

- *September* – requests for current and future year funding
- *March/April* – requests for future year funding only
- Flexibility does exist for some requests to be approved off-cycle.
  - Urgent or time sensitive needs
  - Large multi-year strategic program requests (i.e. Fast Track)



# New Initiatives & Funding Requests

Q. What can I do if my funding request is denied?

A. Funding requests should be thought out, detailed, demonstrate value and be in alignment with the College's overall strategic goals. If funding is denied the requester can:

- Look internally for budget resources that can be reallocated
- Work with Development to identify potential fundraising options
- Resubmit during the next cycle



# Budget Reallocations

Q. How do I request a budget reallocation?

A. There are two types of budget reallocations:

- *Non-Compensation:* Budget managers can reallocate any non-comp budget monies between budget lines as they deem appropriate. Notify the Budget Office via email.
- *Compensation:* Revisions to salaried lines require HR as well as budget approval. Personnel requisition form must be submitted with budget funding lines noted.





# Quarterly Projections

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Q. Why must I do quarterly projections?

A. Budget projections are done by the Budget Office at the end of each quarter. Departments have responsibility in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter projection process. It is very important that managers make accurate projections for each account so that:

- Accurate budget forecasts can be made to the Board of Trustees
- Management is made aware of potential financial issues before they occur
- Funding resources are identified and can be reallocated through the new initiative process



# Carryforwards

- Q. Can I carry forward unspent budget monies at year end?
- A. The Budget Office does allow for limited use of carryforwards in certain circumstances:
- Timing of a budgeted program or project is delayed into the following fiscal year
  - Spending is not yet complete on a project that crosses fiscal years
  - Research awards that have open ended completion dates
  - Unbudgeted self-funded programs
  - Restricted gift funds



# Overspending Budget

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Q. What happens if I overspend my budget?

A. You should notify the Budget Office as soon as you foresee an account overspend. This should also be factored into the quarterly projections.

- VPs and Deans can cover account overages through under spending in other budget accounts within their oversight
- If the overage is reflective of a permanent issue, new funding requests or permanent reallocations may be necessary
- College-wide contingencies may be available



# Questions

