

## MEMORANDUM

**TO:** Campus  
**FROM:** Mitch Bealer, Assistant VP Planning & Budget  
**DATE:** July 22, 2017  
**RE:** **Invitation to Submit Budget Requests for FY 2019**

---

The President's Council, along with the Planning & Budget Office, invite campus personnel to submit Ongoing budget requests for FY 2019 (July 1, 2018 through June 30, 2019) and One-time requests for FY 2018 **by November 1, 2017**.

### **Reviewing and Submitting Requests:**

All requests should be prepared and submitted through the respective department or division between August 22, 2017 and November 1, 2017. All requests should be reviewed and prioritized by the departments, division heads, and vice president prior to submitting to the Planning and Budget Office. Once submitted, the Planning and Budget Office will review and analyze all requests during November and December making recommendations to the President's Council prior to public hearings scheduled for January 2018.

### **Tie to Strategic Plan:**

All budget requests must have a direct tie to institutional goals and objectives outlined in the University Strategic Plan located at: <https://www.suu.edu/future/final.html>. Additionally, priority will be given to requests directly addressing challenges incident to enrollment growth.

### **Carryforward Funds Plan for Use:**

As a reminder, annual carryforward funds should be utilized for small dollar requests rather than submitting those for University consideration. Due to increasing carryforward balances each department is required to include in its budget submission a plan for utilizing carryforward funds.

### **Unit Effectiveness Plans:**

The Office of Institutional Planning and Effectiveness is working with campus departments and divisions to implement annual Unit Effectiveness Plans (UEP) tying resources back to strategic outcomes. These UEPs will be a critical element of assessment by the Planning and Budget Office in making budget recommendations. Please make available to the Planning and Budget Office electronic copies of UEPs completed over the summer of 2017.

### **Public Hearings of Budget Proposals:**

In January 2018, the President's Council will hold a series of public hearings for each Vice President, or Cabinet member, to present and defend their prioritized budget proposals. The Council and public will have an opportunity to question proposals in order to seek clarity in understanding the associated needs and justification. The use of handouts, Powerpoints, Prezi, or other clarifying visuals is strongly encouraged for these hearings. The Council will make recommendations to the University President following these hearings.

**April Campus Forum:**

In March and April 2018, as state/legislative funding and tuition revenue amounts are determined, the President will finalize all budget allocations based on input from the President’s Council, Cabinet, and public hearings. The President will host a spring forum in late April where he will announce final budget allocations for ongoing FY 2019 and one-time FY 2018 funding.

**Budget Request Forms:**

Please utilize the budget request form(s) available at the Planning and Budget Office website: <https://www.suu.edu/ad/budget/forms.html>. For this round of budget funding please use the ***"New E&G funding request (one time & on-going)"*** forms at the bottom of the list.

The attached budget time line document should help answer questions and clarify the budget process.

**Board of Regents System Request Guidelines:**

While we do not yet have estimates of the legislative funding available for FY 2019, the following information was provided to the State Board of Regents by Commissioner Buhler at the Regents meeting held in July 2017. These Guidelines may assist in formulating your requests.

FY 2019 Utah System of Higher Education Budget Guidelines include the following categories:

- 1) Compensation: The system will request funds for compensation increases (inclusive of salary/wage adjustments, health and dental insurance increases, and retirement adjustments for URS participants) on behalf of USHE employees. As directed by the 2017 Legislature, 25 percent of the approved compensation package will be funded by additional first-tier tuition revenues.
- 2) Student Growth & Capacity Building Initiatives: The system will request funds to help institutions address new student growth expected at USHE institutions. Funds will be used to ensure USHE students receive a quality educational experience from application to graduation by expanding capacity for teaching and operations support associated with growing student needs. Funds received in this category are designed to address the Board goal of Affordable Participation.
- 3) Performance Based Initiatives: The system will request funds to further advance performance based initiatives focused on increasing student completion rates. Funds received in this category are designed to address the Board goal of Timely Completion.
- 4) Workforce Initiatives: The system will request funds to help build capacity in programs that support regional workforce needs in high demand, high wage positions. By investing in these programs, USHE will further advance its ongoing efforts to strengthen the economic base for the future. Funds received in this category will help address workforce needs in the following industry clusters (list is subject to modification in the 2018 legislative session):
  - a) Nursing and Healthcare
  - b) Computer Science and Information Technology
  - c) Engineering
  - d) Science, Aviation, and Career Technology Education (CTE) Programs
  - e) Business, Hospitality, and Tourism
- 5) Statewide Initiatives: The system will request funds to support statewide initiatives administered by the Board that impact multiple USHE institutions. The Statewide Initiatives for the FY 2019 budget requested are designed to help address the Board goal of Affordable Participation and Innovative Discovery and include:

- a) Higher Education Technology Initiative – IT Network and Wireless Infrastructure Costs
- b) Regent’s Scholarship Program

Any questions about budget requests and necessary details may be directed to Mitch Bealer, [bealer@suu.edu](mailto:bealer@suu.edu) or Mary Jo Anderson, [andersonm@suu.edu](mailto:andersonm@suu.edu).

Thank you for your continued efforts.



**Key Dates - Budget Process - for FY 2019**

<b>August 22, 2017</b>	Budget Guidelines Released During Welcome Back Week - Invitation to submit requests
<b>Aug - Oct 2017</b>	Departments, Divisions, and Vice President's formulate and prioritize budget requests
<b>November 1, 2017</b>	Prioritized Budget Requests DUE to the Budget Office
<b>Nov - Jan 2018</b>	Budget Office analyze budget recommendations and formulate recommendations
<b>Jan. 16-18, 2018</b>	Public Budget Hearings - Cabinet members to make formal presentations to President's Council
<b>April 16, 2018</b>	President & Cabinet make final appropriation decisions (ongoing & one-time)
<b>April 2018</b>	President's Spring Campus Forum - announce final budget decisions
<b>April 2018</b>	Newly appropriated one-time funds available to departments

## Budget Calendar and Process

Task	Current Year												New Year		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1 President's Council determines budget focus and priorities from Strategic Plan															
2 Commissioner's Office requests input on system budget proposal for Governor's Office & Regents															
3 President invites budget requests by releasing Guidelines at Welcome Back to Campus meeting															
4 Strategic Plan based budget requests are formulated by departments/divisions															
5 President hosts campus leadership conference for all Managers/Directors/Chairs/Deans/Cabinet															
6 Budget Requests, as prioritized through Vice Presidents, DUE to the Budget Office - Nov 1, 2017															
7 Budget Office reviews and analyzes budget requests - formulating recommendations for Pres. Council															
8 President's Council holds public hearings for budget requests and related topics (VPs to present)															
9 Annual Legislative Session - 45 calendar days beginning 4th Monday in January															
10 Program and student fee planning, reviews, and hearings for the new academic year															
11 Preliminary estimated tuition increase reviewed/determined for New Year (1st and 2nd tier)															
12 Public Truth-in-tuition hearing held on campus to address tuition and fee proposals															
13 Tuition and student fee proposals submitted to Board of Trustees and Utah Board of Regents															
14 Finalize allocation of ongoing E&G funds from tuition and legislative appropriations															
15 President's Spring Campus Forum to include announcing final budget decisions for the New Fiscal Year															
16 One-time funding requests finalized and funds available to campus departments															
17 Annual contract process establishing salaries for the New Year															
18 New line-item E&G budgets posted to the Banner system															
19 Annual review of scholarship matrix and adjustments with Ruffalo Noel Levitz for new recruiting															
20 Unit Effectiveness Plans from all schools/colleges/departments due by July 1st															
21 E&G Operating budget surpluses/deficits rolled forward and posted to Banner															
<b>Notes</b>															
A	Each "unit" at SUU (colleges/schools, and divisions) will be required to build their own Unit Effectiveness Plans outlining the unit vision, priorities, and fulfilling their own mission dovetailing into SUU's master Strategic Plan.														
B	Each VP will establish a budget prioritization process within their respective areas that encourages participation from entire division and promotes transparency.														
C	The Budget Office will provide revenue estimates on an on-going basis throughout the process to help set financial parameters for budget requests														
D	President's Cabinet members will have established times to present their requests/proposals to the President's Council with the opportunity to invite (include) college and department personnel as appropriate. Proposed format: Academics - 1 afternoon, Non-Academic areas - 1 afternoon, Scholarships - 1 afternoon.														
E	E&G (Appropriated) operating budget surpluses & deficits brought forward to new year after final "closing" entries are made in Accounting Department for old year. Current expense and travel budget balances to carry forward year to year. Departments should plan reserves for major purchases. This eliminates the one-time budget request process which has occurred in the past. Departments will be required to submit plans identifying the proposed use of carryforward funds as part of their strategic plans.														

# Budget Process Outline

## Southern Utah University

At the recommendation of the Northwest Commission on Colleges and Universities, SUU has reassessed its annual budget process to ensure inclusion of broad representation from faculty, staff, and students. The administration has long been an advocate of transparency in all aspects of the University, and the budget is no different. Research and various discussions has lead the President's Cabinet, made up of the President, Vice Presidents, and Athletic Director, to realign the budget process to more closely match expectations of the campus community. We believe the process outlined below will lead us to budgets that are better informed and strategic in nature.

### Transparency and Inclusion in the Annual Budget Process

The President's Council (Council), which includes the President's Cabinet and representatives from across campus, now serves as the University's primary budget committee. Membership of the President's Council currently includes the following positions.

- University President
- Provost/Vice President for Academics
- Vice President for Finance and Administration
- Vice President for Student Affairs
- Vice President for Advancement and Enrollment Management
- Vice President for Alumni and Community Relations
- Assistant to the President for Planning and Institutional Effectiveness
- Assistant to the President for Diversity and Inclusion
- Athletic Director
- University Legal Counsel/Title IX Director
- Faculty Senate President
- Staff Association President
- SUUSA (Student body) President

The Council will engage in all public hearings for the University's annual budget; assessing, evaluating, and making final recommendations to the President. At the beginning of each budget cycle, the Council will help inform and establish priorities based on the University's strategic plan. All budget requests must tie to strategic initiatives for funding consideration.

The President will outline the Administration's budget priorities for the approaching year, as determined in conjunction with the Council, and the official *Budget Guidelines* will be released to campus annually at the August Fall Assembly. This gathering of faculty and staff, at the beginning of each academic year, will become the official launch of a year-long budgeting process. The President will set expectations for the campus based on the potential for Legislative funding, enrollment growth, tuition adjustments, and other factors impacting University revenue.

Upon release of the annual *Budget Guidelines*, each Vice President and the Athletic Director (Cabinet members) is responsible to work with the executive team of their respective college, schools, departments, and offices for the development of formal budget requests. It is anticipated that cabinet members will prioritize requests from within their division prior to submission to the Budget Office. Small dollar requests should generally not be submitted for Council consideration but should be funded through carryforward funds held by each office.

Formal budget requests should be submitted to the Office of Planning and Budget by the end of December. Specific due dates will be outlined in the *Budget Guidelines*.

Each January several public hearings will be scheduled to allow cabinet members, and their senior leadership teams, to make formal budget presentations to the President's Council. These presentations will require a PowerPoint, Prezi, or similar visual display, outlining division requests and priorities. Those involved should anticipate detailed and searching questions from the President's Council. Questions will also be allowed from audience members. Based on the budget information presented and feedback from the public hearings, the Council will deliberate and make formal budget recommendations to the President.

In addition to division budget requests and public hearings, more global budget information developed throughout the year should inform Council budget deliberations. It is agreed that white papers of the following major topics (and others as they become appropriate) will be presented as part of the budget hearing process to help Council members understand and assess the impact of these more complex issues.

- a) Overall budget process, ongoing and one-time revenue and expenses, state and student funding, structural deficits, USHE priorities, legislative expectations, and so forth.
- b) Scholarships and the University's annual re-assessment with consultant Ruffalo Noel Levitz; adjustments to award levels/matrix scores, dependent waivers, and the overall impact of scholarships on revenues available for University budgeting.
- c) Enrollment growth and its overall impact on the University including trade-offs in order to maintain a healthy growth rate. The mix of resident, non-resident, international, and minority populations will be included in this discussion.
- d) Employee compensation package including salaries, wages, legislative funding, compression, hiring difficulties, market salary goals (CUPA), health and related benefits, and an update on the University's strategic compensation plan.

Utah's annual Legislative session begins the fourth Monday of January and runs for 45 consecutive days, ending the second week of March. During this short time many decisions are made relative to the University's budget for the approaching fiscal year. Appropriations are finalized for state tax funding, a compensation package (largely funding for merit, market, retention, and benefit adjustments), USHE system-wide priorities as allocated to each school, capital development projects, and other potential funding through individual legislative bills. Once the session concludes and the administration assesses revenue estimates and proposed expenditures, including those requested through the University budget process, deliberations to finalize tuition and fee adjustments will be completed. The University's tuition and fee adjustment proposal is required by the Commissioner's Office within a few days following conclusion of the annual Legislative session.

Tuition increases are implemented through two separate tiers. First tier tuition is set by the Board of Regents and applies equally to all state colleges and universities. This increase generally provides funding to meet the non-state appropriated portion of compensation adjustments. Second tier tuition is set individually by institution based on unique needs and initiatives. While SUU has participated in second tier tuition increases over the years, no second tier increase has been implemented in recent years in order to float down SUU's tuition rate relative to the other Utah regional universities.

General and Program fees are assessed to each SUU student according to the number of credit hours and the school or college they register for. A more detailed discussion of fees is included later in this document. These fees are reviewed and recommendations for change are finalized prior to the announcement of final budget decisions so they can be included in Council deliberations.

Each April, following the Council and President's deliberations on final budget allocations, the President's Office will schedule a public campus forum to announce final budget decisions. This presentation will include facts and information from the budget proposals and public hearings along with the rationale for final budget decisions and

how they further the University's strategic vision.

Concurrent with this forum, written details summarizing the final budget will be distributed by the Office of Planning and Budget. Later in the summer the University's annual budget book, outlining final budget allocations, will be published. More specifically, this budget book will provide a narrative discussion of the: (a) overall annual budget, (b) priorities funded and their tie to the University Strategic Plan, (c) compensation adjustments, (d) capital development projects, and (e) other financial matters impacting the University, its programs and employees. The Budget Book contains tables that outline: (a) legislative appropriations, (b) projected tuition collections, (c) allocations across University functions and (d) detailed line-item budgets for every department and function at the University.

Following this process, the Office of Planning and Budget will work with the Human Resources Office, Controller's Office, and other University partners to post formal budget authorizations, payroll rates and benefits, in the Banner system prior to the July 1<sup>st</sup> start date of each new fiscal year. Carryforward funds will be posted once the University books are closed and audited; generally in October.

### **Governor, Legislature, and USHE System Requests**

SUU currently follows an incremental budget process that allows base budgets to carry forward from year-to-year, with new funding requests the primary focus of the annual budget process. As with any process, there are pros and cons to incremental budgeting. Pros include: (a) budget simplicity, (b) funding stability (funds are structured for multiple year outcomes), (c) operational stability (departments operate in a consistent, stable manner) and (d) limited inter-department conflict for resources. Cons include: (a) overspending (use it or lose it mentality), (b) limited complete budget review, (c) status quo (difficult to raise a large amount of money for new initiatives), and (d) limited incentive for departments to reduce costs.

SUU's budget process is best described as occurring in several stages. Annually, in mid-August the Governor's Office of Management and Budget (GOMB) requests high-level budget proposals from USHE through the Commissioner's Office/Board of Regents. These requests primarily address compensation adjustments for equity, merit, and retention initiatives along with changing healthcare premiums. The Commissioner's Office also requests funding for system-wide initiatives such as distinctive institution mission, performance-based funding, student growth, market demand, and other statewide programs. As a general rule, SUU only receives funding under these state initiatives commensurate with its percent of students within the entire USHE system (approximately 5%). SUU's input into the unified budget priorities process is largely limited to itemizing how the institution would allocate its share of legislative funding under each initiative. Legislative funding requests unique to SUU outside system-wide requests are not allowed under current practices.

The second stage occurs during the annual legislative session. Representatives of SUU, including the President, monitor legislative appropriation, education, and capital funding committee hearings providing testimony and responding to questions as appropriate. Appointed legislative representatives from each USHE University and college meet regularly and monitor all legislation which may impact higher education. By the end of each legislative session final appropriations to SUU are documented and verified in order to begin the third phase of the budget process.

The third phase of budgeting was outlined earlier and includes setting tuition levels, finalizing estimated enrollment growth (or decline), reviewing and approving general and program fees, and setting budget appropriations for campus. Decisions for all of these areas will be determined by the President in consultation with the President's Council prior to the start of each new fiscal year.

## **Ongoing Funds**

Beginning each fall and continuing through the winter, the Office of Planning and Budget projects estimated one-time and on-going revenue funding using a model based on year-to-date tuition collections, changes in enrollment, scholarship awards, resident vs. non-resident students, and other potential sources from the system budget initiatives. These funding estimates are used to inform the budget process and to set expectations of revenue availability for the President's Council. Based on changing projections, Cabinet members will inform their leadership teams of expectations. The final revenue estimate is available following the conclusion of the annual legislative session.

In addition to submitting requests to department chairs, directors, deans, and Cabinet members, individual departments are asked to submit a copy of their full budget request to the Office of Planning and Budget so that all requests can be documented and tracked. This allows the budget office to understand the total needs across campus instead of just those prioritized through individual department and Cabinet representatives. The Provost has an academic budget officer who aids in the coordination of all academic budget requests and coordinates efforts with the Office of Planning and Budget.

Independent of the formal budget process, the University holds some funds in a reserve account to address emergency needs which may arise during the year, emerging priorities that cannot wait for the next formal budget cycle, or an unforeseen drop in revenue collections. Having funds in reserve helps save the University from needing to impose mid-year budget reductions to balance the budget.

Budget reallocations can and do occur throughout the fiscal year as well. Base budget reallocations occur at every level of the University as priorities or needs shift. These reallocations remain subject to approval from the appropriate Cabinet representative or the President following review and analysis by the Office of Planning and Budget.

As with any large professional organization, a university includes a compilation of historic budget allocations, work flows, programs, and processes that have become engrained in day-to-day operations. It is healthy to review these situations on a regular basis to ensure operations do not become overly bureaucratic or outdated. Since annual revenue growth is not always assured, shifting budget needs and priorities to implement the University's strategic plan will often require funding sources from within existing University operations. The Administration, in conjunction with the Office of Planning and Budget and the President's Council, are authorized to conduct in-depth budget reviews of selected departments, operations, or offices as appropriate to ensure current priorities are aligned with ongoing funding resources. The Budget Office will also utilize Unit Effectiveness Plans, Program Overviews, and other departmental annual reports in assessing budget requests and allocations.

## **One-Time Funds**

One-time funds are generated as revenues exceed budgeted expenditures, or when expenditures are less than budgeted in any given fiscal year. Examples may include one-time appropriations from the legislature (although these are generally earmarked for a specific use), tuition revenue exceeds estimated or budgeted projections, programs or projects previously budgeted are downscaled or eliminated.

For purposes of budgeting, one-time funds generated in one fiscal year will be made available for distribution in the following fiscal year. This allows the Budget Office, to coordinate with the Controller's Office to accurately determine the amount of one-time funding available.

Requests for one-time appropriations will be collected with annual budget submissions under the same timelines. These requests will also be presented to the President's Council for assessment and consideration. Cabinet members



will be expected to address the needs and prioritization of one-time requests for their divisions at the same public presentation as their annual ongoing budget requests. Due to the fact these are one-time appropriations, there should be no expectation of funding beyond the original year of award.

Ideal examples of one-time budget requests would include the purchase of equipment, office furniture, tools, specialized lab supplies, etc. Just as with ongoing requests, small dollar items should not be submitted to the President's Council for consideration but should be funded within individual department carryforward balances.

Unique utilization of one-time funds may occur at the discretion of the Council and the President. In FY 2016 \$1.0 million in one-time funds were set aside as a Venture Fund. These funds were distributed following a "Shark Tank" exercise (similar to the popular television series by the same name) in conjunction with the Ruffalo Noel Levitz consultants. Proposals for projects that would increase enrollment or persistence rates, and which had a positive projected return-on-investment (ROI) were funded. Similar projects or concepts may be recommended by the Council.

One-time funds will be made available according to the annual budget schedule, however, departments should anticipate access to funds between April and June.

### **Carryforward Funds**

In FY 2015 the Administration ended the existing "use or lose" year-end budget process and implemented a new budget rule allowing all departments to carryforward remaining balances in their non-personnel operating budgets from one fiscal year to the next. This change also allows the Office of Planning and Budget to carryforward negative balances to enforce a level of budget accountability.

These carryforward funds have grown at a significant rate over the past few years. Under Board of Regent policy R562, *Non-Lapsing Balances*, USHE institutions are encouraged to carry forward at least four percent (4%) of appropriated funds annually, however, if such funds exceed seven percent (7%) a report outlining the reason for a carryforward balance in excess of the threshold, along with a budget for how those funds will be utilized, is required by the Commissioner.

To help the University maintain an appropriate carryforward balance under the seven percent (7%) threshold, each budget unit (represented by a unique budget line-item) at SUU with a carryforward balance at fiscal year-end is required to include, in their annual budget submission, justification for the balance and a plan for the ultimate utilization of such funds. Annual *Budget Guidelines* will provide information on the level of specificity required for this report.

Carryforward balances exceeding four percent (4%) of a budget unit's annual appropriated Education and General (E&G) funds may be subject to a recommendation from the President's Council and/or Administration which could include utilizing funds above the four percent (4%) threshold to reduce program fees for academic programs.

### **Tuition and Fees Review Process**

General and other student fees are charged by SUU to cover costs incurred from on-campus student events and activities. Out of an abundance of concern for excessive costs being passed-on to students, the Utah State Legislature and Board of Regents established a *Student Fee Review Committee* at each USHE institution. This committee, which includes students, student government leaders, and staff, conducts hearings annually to determine revenues and expenditures from student fees. This Committee also accepts and reviews requests for increases and decreases in student fees or the creation of new categories. The results of Committee action are presented annually in a

mandatory Truth-in-Tuition hearing, which must be held prior to University and Board of Regents action on tuition and fees.

Program fees were established by SUU to eliminate the onerous burden of maintaining over 800 individual course fees. These fees are assessed to each student by credit hour based on courses taken within each academic college. Accumulating all costs by college/school allowed the University to determine an average cost assessed by class and reduced the number of fees to approximately a dozen.

A *Program and Course Fee Committee* was established by the administration to monitor and police program fee rates, quantity, and the appropriate use of fee revenue. The Committee is made up of academic, administrative and student members and meets annually to review the financial results of each fee along with requests for increases and decreases in fees. Both of these committees hold public meetings which may be open to all campus constituents.

The result of actions and recommendations from both committees will be reviewed by the President's Council as part of its role in establishing the annual University budget. It should be noted that the Administration maintains a desire to reduce program fees by ensuring the University provides the necessary tools of education that should be expected through tuition payments.

### **Other Miscellaneous Items**

- 1) The Administration is currently engaged in discussions with the College of Graduate and Continuing Studies to develop a revenue sharing model for online graduate programs. This effort is intended to provide incentives to academic departments who provide instruction, curriculum, and services to graduate students studying outside of campus. The revenue generated from online students may be used to supplement department budgets, including instructional compensation.
- 2) To help inform the budget process, implement the Strategic Plan, and create unity and comradery among the University's leadership, the President's Cabinet plans to host an annual day-long leadership conference for all managers, directors, department chairs, administrators, deans, and executives. These conferences will be developed to provide leadership training from outside experts, discuss strategic and budget priorities, have each Cabinet member present an update of current division initiatives and efforts, allow the President to share current goals and issue challenges (to ensure leaders are working as a team to implement SUU's vision), to engage in a question and answer session, present white papers on sensitive or complex topics, and address other items as raised by the group.
- 3) The Administration established and maintains a program providing E&G departments with \$2,000 additional ongoing operating funds for each newly created FTE position. Too often as new positions were created in the past the institution failed to increase operating budgets to accommodate the impact new employees have on their departments. This program also includes one-time funds for the purchase of office equipment and a computer, when necessary.
- 4) The Office of Planning and Budget is seeking to develop an email address and/or webpage where employees, students, or the public can provide anonymous suggestions regarding potential revenue enhancements, cost efficiencies, or other potential reductions at the University.