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25.0 OVERVIEW

This policy and procedures manual describes the general guidelines for budgeting and the budget process at Rowan University. Included are the University’s policies governing the preparation, approval, and implementation of operating and capital budgets, as well as the policies defining the role of the University Budget Office and other divisions and departments that participate in the budgetary process. These policies and procedures apply to all University divisions, departments and activities.

The Rowan University budget expresses, in terms of dollars, the funded programs and plans of the University for the budget year and the estimated income (by source) necessary to finance these programs and plans. The budget is the primary instrument of fiscal control and, accordingly, contains all income and expenditures of the University.

25.1 PREPARATION AND APPROVAL OF UNIVERSITY BUDGETS

The Budget Office is responsible for the development and monitoring of the University’s annual operating budgets. The Office reports to the Associate Vice President of Administration and Finance.

The Budget Office prepares the annual budget submission to the State of New Jersey; fulfills internal and external budgeting reporting requirements; processes budget transfers and funding requests for new programs and new initiatives; and provides financial analyses for departments and the University administration.

Rowan University receives more than half of its total unrestricted operating support from student tuition and fees. Other sources of funds include state appropriations, private gifts and grants, University Foundation allocation, and miscellaneous sources. In accordance with New Jersey statute, the Board of Trustees, the governing body of Rowan University, has general supervision over the University and its budget. The Board’s responsibilities include establishing tuition and fee rates, and disbursing “all monies appropriated to the University and all monies received from tuition, fees, auxiliary services and other sources.”

The budget development process, driven by the budget development calendar, begins shortly after the start of the fiscal year (July 1st). The Budget Office, which is responsible for developing projections of expenditures and revenues, prepares a request for appropriations to the State of New Jersey every October. The State will often set the parameters for anticipated expenditure growth as well
as other budgetary assumptions. Enrollment projections and goals are important factors in the development of projections.

Budget requests from each public state college and university are reviewed by the State Office of Management and Budget, and an annual budget is submitted by the Governor to the State Legislature in January.

The President’s Cabinet initiates a request for budgets in the third quarter of each fiscal year. At this time, departments begin to develop their fiscal year budget proposals. Following a review of the submissions by the appropriate Vice President, the requests are forwarded to the Budget Office, compiled into various budget scenarios, and submitted to the Cabinet where any requests for new funding are approved. Final budget adjustments are based on the appropriations approved by the State, and the operating budget is then presented to the University’s Board of Trustees.

The budget is structured and controlled through the automated Banner System. Departments are responsible for not exceeding their budgeted allocations, and over expenditures from the budget trigger review processes that ensure close adherence to the University’s resource plan.

At the close of the fiscal year (June 30th), the University is subject to an accounting and financial audit by an external certified public accounting firm. The results of the annual audit are presented to the Board of Trustees.

25.2 STATE BUDGET SUBMISSION

The Budget Office has primary responsibility for preparing the annual budget request and submitting it to the State of New Jersey. The State budget submission is an opportunity for the University to not only provide details of the appropriation request for the next fiscal year, but to list the major accomplishments of the University in the current fiscal year and anticipated changes in the coming years.

Preparation for the budget request begins in September and the budget is submitted to the State in October or November. Following a review by the State Office of Management and Budget, the Governor presents the proposed State budget to the State Legislature in January. The State Legislature approves the State budget, including the appropriation for higher education, prior to the beginning of the fiscal year.
The budget request includes actual results from the prior year, revised budgets for the current fiscal year, and projections for the next fiscal year. The submission also includes the following requirements:

- President’s Overview, which highlights important details of the request and indicates how the request furthers the Institution’s mission including key accomplishments and major changes
- Budget Initiative forms, which detail requests for additional funding from the State
- Organization charts
- Tuition and Fee Projections
- Programmatic Evaluation Data, such as enrollment and expenditure data
- Salary detail and summary information

### 25.3 TUITION AND FEES

The Board of Trustees is authorized to set annual tuition and fee rates. The proposed rates are based on an analysis of various factors, including the comparative rates of similar institutions, projected student enrollments, state appropriations, anticipated University expense increases, economic indicators, and goals set by the University. In addition, the State of New Jersey may set guidelines regarding the amount of tuition increase permitted. Prior to adopting such rates, the Board shall conduct public hearings to provide members of the University community with an opportunity to share their perspectives.

### 25.4 PERSONNEL

**Full-Time and Part-Time Staff**

Units are required to fund all full-time and part-time staff positions from the budget allocation. These include:

- Newly authorized personnel
- Annual leave and/or final payments to employees such as lump sum vacation
- Payments for short-term disability and any leave replacements the unit chooses to make
- Authorized staff reorganizations
- Fringe benefit costs (self-supporting programs)
Requests for staff personnel position changes must be approved by the Budget Office and the Office of Human Resources and must identify the funding source as well as written justification.

Only base funds may be used to fund full-time positions. Contingency funds and one-time allocations cannot be used to fund permanent full-time positions. Salary savings may be used for temporary replacements of positions following approval by the appropriate department head, division head, and Budget Office.

### New Position Requests

All new position requests must follow Office of Human Resources procedures. Departments must include all appropriate documentation, including; job description, Request to Hire Form-Position Approval, justification, and funding plan. The Budget Office will ensure that the position has been approved and appropriate funding exists. All new, permanent positions are approved by the University President.

### Salary Savings

If a position in a department is vacant, the budgeted salary for that position is said to “lapse.” The money that would have been paid to an employee is put into a separately designated account at the Division head (President/Vice President) level. Upon approval by the appropriate division head, funds in this account can be used to pay for temporary replacements.

Other uses for lapsed salaries, such as for non-personnel costs, may be approved on a limited basis. The use of all salary savings may be restricted in the event that the University is required to cover expenses resulting from budget cuts or other institutional needs (e.g. utilities). Lapsed salaries apply only to regular University funded accounts in the unrestricted fund. Special Program accounts (revenue centers) do not lapse.

### 25.5 BUDGET TRANSFERS

Authorized personnel who have been granted the appropriate security to a fund and organization are permitted to process non-salary transfers within the same fund. On-line transfers are not permitted to or from salary accounts or in restricted fund accounts.

To move budgeted funds from or to salary accounts, a “Budget Transfer Request” form must be completed. Once completed, the form should be submitted to the Budget Office for approval and processing into the Banner System. Transfers in
restricted funds may only be made in accordance with contract guidelines and may require approval from the grantor.

25.6 DEPARTMENT CHARGEBACKS

A chargeback is a method used by service units to charge other departments for particular services. Chargebacks that occur automatically, without the need for a departmental request include: telephone services, duplicating and xerox services, postage, and central stores.

Service departments must notify user departments during the budget development process of any anticipated budget changes to a chargeback expense in the coming fiscal year. User departments must also anticipate changes in planned expenses based on historical usage or changes in future requirements. Activity related to the expenditure and the offset are processed by the Accounting Office during the fiscal year, following submission of documentation by the service department.

25.7 CARRYFORWARDS

Funds remaining in the regular University unrestricted fund/orgs (fund 10110) do not roll over into the following fiscal year.

Special Purpose (revenue center) funds budgeted for one fiscal year should also be spent in that same fiscal year. For revenue center funds that are established for multiple years, the funds remaining at year end will automatically be carried forward into the next fiscal year and posted to a reserve account, after it is determined by the Budget Office that all prior year adjustments have been made. Fund balances in these accounts are subject to review by the University administration.

If it is determined by the Budget Office that a revenue center fund account has not been active for 6 months, or if the contract period for the project has expired, the account will be terminated and any remaining funds will be forfeited.

25.8 FISCAL RESPONSIBILITY

It is the responsibility of each unit director of an approved budget, for a specific fund/org, to insure that sufficient funds/revenues are available to cover all unit costs thru year end. If there are not sufficient funds available, it is the director’s responsibility to have funds made available within their division.

For revenue center funds, the Budget Office prepares periodic (quarterly) year-to-date reports and distributes them to the appropriate division head. Any accounts
not showing revenues sufficient to support costs must be reviewed by the unit director and division head and a corrective plan approved by the division head must be submitted to the Budget Office.

25.9  ESTABLISHING ACCOUNTS

If it is determined that changes to the attributes of an existing account need to be made, or a new cost center needs to be established because a department is expanding or adding a new program, an “Account Request” form must be completed by the department.

The department must include the proposed title, fiscal agent, department, division, source of funds, a brief description of the program and the period the program will be active. If the program is not supported by State-appropriated funds, a budget should be attached identifying the source of revenue and the fee schedule used to determine the projected revenue.

Any division requesting the establishment of a University Institute or Center, must also submit a charter with the request. The charter should address the following:

- Purpose and Goals: Discuss the purpose of the unit, its goals, and the populations to be served. Goals should be stated in measurable terms where applicable.
- Operational Activities: What are the major activities that the unit will be involved in to accomplish its goals?
- Relevancy: Specify how the purposes and goals of the proposed unit support the mission of the University and/or the relevant College.
- Benefits and Impact: Discuss the proposed unit’s benefits and impact on the University’s faculty, students, staff, or community.
- Staffing: Describe the staffing needs of the unit, including the reporting structure.
- Financial Expectations and Budget: Include a detailed budget explaining the University and/or College role in the budget at the time of start-up and the expectations for becoming self-supporting. Any proposed distributions of net income from the account should be detailed.

The approval of an Institute may only be made by the University President.

After the forms have the appropriate approvals, they are submitted to the Budget Office for authorization and processing.
25.10 INDIRECT COST POLICIES FOR SPONSORED AND SPECIAL PROGRAMS

25.10.1 OVERVIEW

Research and other sponsored activities, as well as special programs initiated at the University, are a basic part of our institutional mission. Funding sources for such programs are the federal government, state and local governments, and private entities. Additionally, the University must be able to offer a variety of special training and instructional programs. Such grants and contracts, as well as special programs, typically provide support for the direct and indirect costs that are incurred by the University in conducting these programs.

25.10.2 DIRECT COST

The total cost of a sponsored or special program consists of direct and indirect costs. Direct costs are all costs explicitly identified with delivery of the program. Typically, but not exclusively, such costs include:

- Salaries and Fringe Benefits
- Consultants
- Travel
- Supplies
- Equipment
- Telephone/Postage
- Space rental

These costs are itemized in the program budget.

Fringe Benefits

Several elements are included in fringe benefits. Depending on employee type, an aggregate average rate is charged for each employee engaged in a Sponsored Program, Special Program, or other revenue producing, self-supporting program.

Current fringe benefit rates are as follows:
• Full-Time – refer to State of New Jersey Website – look under “EE Benefit Reimbursement Rates”
• Part-Time – 7.65%
• Currently enrolled student workers – 0%

A rate of 8% will be charged on total direct costs of the approved, designated programs. If a Special/Revenue producing program wishes to adjust the 8% levy, an appeal must be submitted to and approved by the Vice President of Administration and Finance. This appeal must be applied for and reviewed each year. The appeal should reference the program’s revenues, expenditures, and fund balance with a justification as to why the indirect rate should be adjusted.

Cost Sharing for Sponsored Programs

Occasionally, grantors/sponsors require the University to make a contribution toward a project’s total cost. Cost sharing represents a real and quantifiable direct cost that must have the approval of the initiating unit head. Approval also must be given by the appropriate college dean and the Provost or Vice President. Each initiating unit must explicitly commit existing budget resources for cost sharing on sponsored projects. Alternatively, the initiating unit could obtain internal cost share funding from the appropriate college dean and/or the Provost or Vice President. Since cost sharing is examined and audited by the sponsoring organizations and the University’s independent auditor, the budget proposal must specify the exact amount of contributions anticipated and cost sharing expenditures must be accounted for in accordance with grant and University guidelines.

25.10.3 INDIRECT COST

Indirect costs are those incurred by the University to support sponsored or special programs but that cannot be directly traced and charged to a specific program. Generally, examples of indirect costs include:

• Operation and Maintenance of Facilities
• Security and Safety
• Financial and Accounting Services
• General University and Departmental Administrative Expenses
• Use of Computing Resources
• Equipment and Facilities use allowance (depreciation)

The University recovers all these support costs, in part, by applying the 8% indirect cost rate to designated sponsored or special programs. Specific institutes/centers/programs to be charged the indirect cost rate are approved by
the appropriate Vice President with final approval by the Vice President of Administration and Finance.

Administrative Responsibilities

The Director of Government Grants submits proposals for sponsored research, special contracts, and other continuing programs and ensures application of the University’s authorized indirect cost rates. Some grantors/sponsors may require the application of different indirect cost rates, or a complete waiver. Where it is in the interest of the University, particular special contracts, certificates or other continuing programs may also warrant application of different indirect cost rates. Under such circumstances, the Director of Government Grants may modify the University’s indirect cost rate. Final approval is required from the Vice President of Administration and Finance.

The Budget Office is responsible for initiating the periodic review of the University’s non-negotiated indirect cost rates. Changes to indirect cost rates require approval of the Vice President of Administration and Finance.

The University Controller’s Office is responsible for negotiating the federal indirect cost rates with the Federal government. The current negotiated indirect cost rate for federally funded sponsored research programs is 70.2%. This rate is applied to salaries and wages.

**25.10.4 DISTRIBUTION OF INDIRECT COST RECOVERIES**

Indirect cost funds recovered from all sponsored grants and contracts will be distributed by the Budget Office according to the following schedule:

- General University 50%
- College Dean’s Office 25%
- Department 20%
- Provost/Vice President 5%

Indirect cost funds recovered from other revenue centers (e.g. Institutes, Centers) will be distributed entirely to the General University.

**25.10.5 APPROPRIATE USE OF INDIRECT COST RECOVERY**

College deans, academic departments and principal investigators will have various uses for funds generated from their share of indirect cost recoveries. Generally, these include any purpose for which general University funds may be expended based on State regulatory requirements and University policy, except
for increased compensation for the principal investigator. Furthermore, no commitment for multi-year expenditures may be made from these resources. Before funds from indirect cost recoveries are spent, spending proposals for educational purposes must be approved by the appropriate dean.

25.11 **SUB-RECIPIENTS**

In the event that certain activities of a grant are to be completed by a sub-recipient, the Office of Government Grants & Sponsored Research will issue a separate contract to that organization. The project director will then have a purchase order issued to the sub-grantee and will submit approved invoices to accounts payable as sub-grantee expenses are incurred.

When the final expenditure report is prepared, the grant accountant will access the “Federal Audit Clearing House Home Page” for each sub-recipient’s audit report. If there are findings listed on the audit report, the grant accountant will follow up with a compliance letter to ensure that any needed corrective action is made by the sub-recipient.

25.12 **ANNUAL BUDGET DEVELOPMENT CALENDAR**

January
- Governor’s budget message

February
- Vice Presidents will initiate budget requests within their divisions

March
- Budget request forms will be distributed by Budget Office

April
- Budget proposals are completed by units and submitted to appropriate divisional Vice Presidents

April – May
- Vice Presidents forward recommended budget requests to Budget Office; the Budget Office will begin analysis of divisional budget requests and prepare different budget scenarios; President and Cabinet begin discussions of budget proposals

May – June
- President’s Cabinet approves preliminary budget allocations
The Budget Office loads budget data from department worksheets into the banner system

July

- The fiscal year begins
- Presentation of operating budget to Board of Trustees
Rowan University

New Account Request

Fund/Org: ___________________________

To be completed by Budget Office

Account Title: ___________________________

Responsible Person: ___________________________

Home Department: ___________________________

Divisional Vice President: ___________________________

Purpose of Account: ___________________________

begin Date: ___________ End Date: ___________

Source of Funds: ___________________________

Negotiated/Approved Indirect Cost Rate: 8%

Other **

** If other, attach approved appeal justification

Approvals:

Department/Program Director: ___________________________ Date: ___________

Divisional Vice-President: ___________________________ Date: ___________

Budget Office: ___________________________ Date: ___________
Rowan University

Budget Transfer Request

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Reason for transfer: (Required field)

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Approvals
Dept Head/Responsible Person: __________________________ Date: __________
Dean/Division Head (when required): ______________________ Date: __________
Posted Finance: ______________________________________ Date: __________
Posted Position Control: _______________________________ Date: __________