

Budget Policies and Procedures for State Funded Accounts *(Revised July 1, 2006)*

Designed to provide for the most effective and efficient use of scarce state resources, the university's budget policies and procedures allow units to have maximum flexibility in making judgments regarding the best use of the resources that have been allocated to them, judgments that advance the overall academic goals of the university. Within the basic requirement that units not exceed the dollar or position line weight allocated to them, the policies delegate authority and responsibility for budget decisions largely to campus, college and departmental levels

While these policies and procedures provide more flexibility for the university's operating units, they also demand more responsibility and accountability at the local level. The policies also allow senior management to establish policies and to delegate responsibilities for their diverse organizational structures more efficiently.

The effectiveness of the policies depend on the understanding of the requirements to comply with state regulations, internal procedures on fund use and information for internal management reporting at all levels of the university. The emphasis is on post action reviews at each level of budget responsibility to ensure that the university's limited resources are being used appropriately, efficiently, and in a manner consistent with the overall university goals.

In addition to the policies and procedures described in this document, managers should refer to the University *Policy Library* for *information* on the appropriate use of university funds as well as to the university's more complete regulations.

These budget policies apply to expenditures made from all accounts in the General University (GU) and Agricultural Experiment Station (AES) state funded budgets (2-0, 2-1, 2-2, 2-3, 2-4, 2-7xxxx). This state budget consists of funds provided by the state appropriation, tuition and fee income and several other minor sources. Certain types of accounts within this grouping, such as off-campus, special projects, sponsored programs cost sharing accounts and AES accounts, have exceptions which are noted.

This document is divided into three major categories: general policies, policies relating to salary funds and policies related to non-salary funds. Appendix A includes definitions of the budget terms used.

GENERAL BUDGET POLICIES

- A. **Each senior officer is designated responsibility for the management of budget areas that report to him/her.** These senior officers are:

President
Executive Vice President for Academic Affairs
Senior Vice President and Chief Financial Officer
Camden Provost
Newark Provost

These officers are responsible for the management of the budgets allocated to them and are the ultimate authority on how these funds are disbursed and used by the divisions, colleges, institutes and departments reporting to them. The senior officers have the responsibility and authority to make the most efficient and effective use of all state budgeted resources allocated to their responsibility.

Budgets are allocated at the executive level and each senior officer has the authority to distribute budgets to and set procedures within overall university policy and procedures, that relate to the lower levels of responsibility. The basic structure of these levels is:

Senior Officers
Vice Presidential Level
College, Center, Institute or Division
Department

- B. **An area of responsibility may not exceed the total dollars or the total budgeted positions allocated to the unit.** Since state authorized positions have fringe benefits that are funded by the state, position control is necessary to ensure that the university does not exceed its state authorized position count. Should a unit exceed its budget allotment, it will be the responsibility of the next higher level of authority up to the senior officer to cover the deficit.
- C. **Resources may be transferred between salary and non-salary subcodes.** In making these transfers, managers must note that non-salary resources are extremely limited, and transfers to salary increase both the university's salary base and subsequent salary package (employee raises) costs. Since the state continues to underfund significantly salary packages, units may have to contribute to funding out-year salary package costs through reallocations (see Item E, page 3).

- D. **Transfers between functional sub-elements (such as instruction, research, library, student services) are permitted,** but significant transfers should be reviewed at the executive level.

Since the university must report expenditures to the state by sub-element, senior officers may be requested to supply explanations for significant shifts in resources between sub-elements as requested by the Office of Budget and Resource Studies.

Since the University Financial Aid Office needs accurate information on available aid resources to package student aid awards appropriately, such transfers *involving student aid* must be coordinated with the Office of Financial Aid.

- E. **Units will normally be allocated annually a pool of dollars to meet salary and non-salary needs.** All salary increases associated with salary program costs (across the board increases, scheduled increments, faculty merit increases, faculty promotion increases, performance-based pay increases for APS and Confidential employees) will be met through this pool and existing resources at the department, college and executive level. The combination will vary with changing budget conditions. In those years when full funding of the salary package cannot be allocated to units, upward salary adjustments will increase the portion of the annual salary charges borne by existing departments, colleges and executive level resources. Downward salary adjustments (for example, appointments less than the existing budget) will decrease the portion of the annual salary charges borne by existing departments, colleges and executive level resources.
- F. **Funds may not be transferred from state accounts (2-0, 2-1, 2-2, 2-3, 2-4, 2-7xxxx) to non-state accounts** since the university must be able to account for the uses of money in the state budget.
- G. **Funds may not be transferred between GU accounts (2-0, 2-1, 2-2 2-3 and 2-7xxxx) and AES accounts (2-4xxxx).** Since the GU and AES budgets are separate appropriations from the state, expenses for the two must be segregated.
- H. **Since off-campus credit programs are self-supporting and fund all expenses including fringe benefit costs with their tuition and fee income, the senior officer or his/her designee may establish procedures regarding management of these programs under his/her responsibility within the university's Off-Campus Credit Program Policy.**

SALARY POLICIES

The State of New Jersey funds the cost of fringe benefits for eligible employees paid from the General University and the Agricultural Experiment Station state budgets on state authorized positions. The annual appropriations act sets a maximum number of positions the University may fill and expect the state to fund the associated fringe benefits. Therefore, salary policy is designed to ensure that expenditures do not exceed both the allocation of dollars and the allocation of budgeted (weighted) positions. Since the fringe benefits for each state position represent a considerable state funded resource, state positions should be managed to use this fringe resource as fully and effectively as possible.

A. General Salary Policies

1. **The total appointments against a budgeted position cannot exceed either the budgeted Full Time Equivalent (FTE) weight or budgeted salary dollars.** When the actual weighted FTEs of the appointment(s) equal the budgeted weight, any remaining dollars are available to the unit for reallocation or may be recouped through the salary savings process described in section A9, page 6, of these policies.

Since off-campus accounts and special project accounts are charged for fringe benefit costs, budgeted FTE policies do not apply.

2. **Additional appointments of employees with full benefits may be made to special accounts in the 2-3xxxx series without budgeted positions. In such cases, the appointing unit must pay both the salary and the fringe benefits of the employee.** Units interested in establishing such accounts should contact the Office of Budget and Resource Studies for assistance.
3. **Appointments (including new appointments, internal transfers and promotions and reclassification of staff positions), exceeding the budgeted position salary must be funded from budgeted resources belonging to the department, campus unit, vice presidential or executive level to which the unit belongs.** The funding source for such an appointment must be identified before an offer is made.
4. **Appointments (including new appointments, internal transfers and promotions), below the budgeted position**

salary will generate savings. These savings may be reallocated for other purposes by the department. Senior officers should take into consideration the varying ability of campus units and departments to generate these kinds of savings in the budget planning process.

5. **All positions are budgeted as either faculty or staff positions. Units may change a position from one category to the other at any time by:**

- processing a permanent budget adjustment to change a position from one category to the other. The permanent adjustments permit senior officers, vice presidents, deans, directors and other higher level authorities to be aware of how salary resources are being used by the units which report to them.
- processing a temporary budget adjustment to move weight and/or dollars from faculty positions to other faculty positions and from staff positions to other staff positions. As noted above, permanent budget adjustments are needed to move a position from one category to the other.

The only exception relates to Postdoctoral Associate positions where state regulations do not permit the use of Postdoctoral Associate weight for any other purpose. (Postdoctoral Associate positions are identified by sub-code 1370, job codes 99631 and 99632 and position numbers between 900 and 925.) These positions and the associated fringe benefits were given to the University exclusively for the purpose of maintaining state funding for Postdoctoral Associate appointments. Since the fringe rate is lower on Postdoctoral Associates than other salaried employees, the state restricts the use of these lines. *The restriction does not preclude the appointment of a Postdoctoral Associate to a regular faculty position. Senior officers, however, are cautioned to manage their allocated Postdoctoral Associate positions to ensure maximum utilization before more valuable faculty positions are used for Postdoctoral Associates.*

6. **All budget adjustments between lines are done on the annualized cost basis in terms of both weight and salary dollars needed in the current year** due to current system programming specifications. However, if the actual cost of the appointment to the adjusted line is less than the annualized cost, units may process a second temporary adjustment to reflect the actual cost for the year so that the salary savings may be used for other purposes.

Example: a department chairperson is authorized by the dean to add a permanent secretarial position effective January 1 with an annual value of \$30,000. The actual cost for the current year will be only \$15,000. The dean must transfer 1.00 weight and \$30,000 to the department to cover the annual cost. However, the dean may also do a temporary adjustment for .50 weight and \$15,000 to move the resources that were unused for the first half of the year elsewhere.

7. **All permanent transfers of salary dollars must leave sufficient dollars on a position to permit some level of hiring** so that scarce positions with their fringe benefit funding are used efficiently and so that the unfunded lines are not perceived as unnecessary to the university's general operation. Staff lines must be funded at a minimum of range 7 and academic lines at a minimum of range 14. For academic lines budgeted as part time lecturer (PTL) positions, (using job class 99901 or 99902), the minimum value for the budget is the minimum salary permitted under the AAUP contract. *A PTL position with 1.00 weight must have the value of the minimum AAUP salary for 24 credits.* Postdoctoral Associate positions require a minimum level of funding equal to that established for a PTL position.

Unfunded lines (lines without the required minimal salary dollars) may be returned to central accounts which will fund the minimal dollars for the position until the unit has salary dollars to actively hire on the position.

Senior managers should review vacant positions across units reporting to them to preclude creation of unnecessary fringe benefit costs (see A.2 page 4).

8. **Appointments on temporary lines must end on or before the end of the fiscal year to avoid over committing salary resources. Appointments that extend beyond the end of the fiscal year should be made only on permanent lines.**
9. **Salary savings are the difference between the budget for salaries less year-to-date expenditures and projected expenditures to the end of the fiscal year.** All salary savings generated by a unit are available to that unit. Senior officers should take into consideration in their budget planning the ability of each unit under their responsibility to generate salary savings.
10. **Units will be permitted to carry over salary savings and/or non-salary savings with the permission of the executive officer. To avoid excessive year end balances, the total**

amount of carryover that an executive officer can approve is limited to 1.0% of the executive's total budget. Requests to carry over greater amounts must be reviewed by the Vice President for University Budgeting. Carryover funds are expected to be expended in the following fiscal year. Therefore, any unspent carryover funds will count towards the 1.0% limit in the following year. The limit is designed to ensure that scarce state resources are being used efficiently and to avoid the perception that current state resources are more than adequate because large balances can be accumulated within the current level of state funding.

B. Faculty Salary Policies

1. **The cost of fringe benefits for a faculty member on sabbatical, with either full or partial salary, is funded by the state. This precludes appointing additional people on the budgeted position.** For a faculty member receiving only partial salary, however, the *unused salary budget* is credited to the *salary savings* account of the applicable unit.
2. **For a faculty member on leave of absence, other than a sabbatical, with full or partial salary, the percentage of weight available for other appointments is determined by calculating what percentage of the full salary is being used by the faculty member on leave and deducting that percentage from the budgeted weight.**
3. **The savings from conversion of any faculty appointment from a Calendar Year (CY) appointment to an Academic Year (AY) position is available to the department for other purposes.** The conversion of any faculty appointment from an Academic Year position to a Calendar Year position requires an appropriate budget adjustment.
4. **Appointments of part-time lecturers (PTLs) may be made to academic wages of labor without budgeted weight.** The only limitation to the number of PTLs appointed will be the dollars budgeted to academic wages of labor, subcode 1210, but budgeted dollars may be added to academic wages of labor from any resources, either salary or non-salary, within an organization's General University budget on either a permanent or temporary basis. To make use of the academic wages of labor category, units should appoint PTLs (Job Classes 99902, 99903, and 99905) to position 990. As a result of this new appointment

policy for PTLs, the assignment of budgeted weight to positions with Job Classes 99902, 99903, and 99905 will be phased out.

5. **To replace lost teaching power on a vacant regular faculty position, academic units may temporarily transfer all or some of the budgeted salary dollars to academic wages of labor (see item B.4 on page 7) or appoint PTLs directly to the vacant position. When appointed directly to a vacant faculty position, the PTL's salary will deplete budgeted dollars but not budgeted weight.**

C. Teaching Assistant/Graduate Assistant Policies

1. **When a unit decides to create a new TA/GA position, it needs to fund the cost of remission from its budget.** The current year's full-time resident tuition for the applicable unit is used as the remission amount.
2. **Teaching assistants must be paid from accounts in the Instruction (IDR) sub-element and the graduate and research assistants from accounts in the Research (SBR) sub-element** so that budgets accurately describe the use of funds.

This does not restrict units' ability to fund TAs and GAs, since units may move budgeted positions for salaried student lines (type 6 employees) between functional subelements (see item D, page 3).

D. Staff Policies

1. **Temporary assignments, which require acting pay to a staff employee, are funded by the recipient's unit.** Normally this is done with a temporary budget adjustment from the vacant position for which the employee is performing in the acting capacity. Units have the discretion to use other resources for this purpose.
2. **Appointments to T-coded positions**, in which the nature of the work responsibilities merits the establishment of a salary outside of any established University salary scale, **are made only after consultation between the senior executive and the [Interim] Associate Vice President of Human Resources. T-coded positions are always assigned 1.00 weight.**

3. **When a position becomes open due to the retirement of an employee, an appointment may occur immediately after the retiree's last day in office, even if the retiree continues on the payroll due to accrued vacation time.**
4. **The cost of the accrued vacation time paid to a retiree, whether as regular salary or as a lump sum payment, is the responsibility of the department** because the department has the authority to approve carry over requests that are consistent with University policy.
5. **Payment on retirement of unused sick leave an employee has accrued will be funded centrally** since departments have no control over the amount of accumulated sick leave.
6. **A staff position of an employee who is on a long-term leave of absence without pay may, in consultation with University Human Resources, be recruited and filled.** If the employee does return to work, it will be the responsibility of the department to provide a position and salary for the employee.

NON-SALARY POLICY

Non-salary policies apply to all GU and AES accounts, including off campus credit program, sponsored program cost sharing and special projects. For the purpose of these policies, personnel costs other than the salary items listed above (sub-codes 1200, 1210 and 1370) are treated as non-salary. This includes, but is not limited to, wages of labor (1230), student wages (1250), overtime (1270) and shift differential (1310).

- A. **Units must not exceed their non-salary budget and salary savings.** For off campus accounts, the limit on expenditures, including the academic support charges, should be based on actual tuition and fee income earned, rather than the budget for the account.
- B. **Payments to fellows and other stipend appointments are classified as student aid, not salaries, and should be charged to student aid accounts.** To insure that the Office of Financial Aid can monitor the appropriate use of student aid funds, student aid sub-code 8450 should be used for these appointments. All charges to subcode 8450, as well as other student aid subcodes 8200-8230, 8440 and 8460, should always be recorded to accounts that are in the Student Aid sub-element.

- C. **Non-salary funds budgeted in fuel and utility sub-codes (2030-2060) are restricted for that purpose and may not be transferred to other sub-codes or used for other purposes,** since the university does not penalize campuses for exceeding fuel and utility costs. Expenses for these categories in excess of the budget are funded centrally.

Glossary of Terms

Appendix A

Budget Adjustment – A change in the allocation of dollars and/or budgeted weight to the original budget. These adjustments may be temporary (i.e., they are reversed at the end of the fiscal year) or permanent (i.e., they are not changed at the end of the fiscal year).

Budgeted Positions – Those positions that have been authorized by the State and which carry a full state-funded fringe benefit package.

Budgeted Weight – A quantification of the utilization of positions. A full-time position carries a weight of 1.00. The position could be occupied by more than one employee, each using a portion of the weight. For example, an employee with one-half of his/her full-time salary charged to a position uses .50 of the weight.

Fringe Benefits – Benefits received by employees in addition to their regular pay which may include retirement, health insurance, social security, workers compensation, unemployment insurance, and temporary disability insurance. Most employees are eligible for the latter four benefits, but only full-benefit employees also receive health and/or retirement benefits.

Off-Campus Credit Program Accounts – Accounts for credit courses offered to students at off-campus locations. These programs are self-supporting and must cover all costs including fringe benefits.

Non-State Funded Accounts – All accounts not in the 2-0, 2-1, 2-2, 2-3, 2-4 and 2-7XXX series. Included are auxiliary, grant, gift and endowment accounts.

Sabbatical Accounts – Accounts to which unused salary dollars generated by faculty on sabbatical are placed in order to fund replacement teaching and other instructional expenses.

Salary Program – The cost of the salary increases negotiated each year by the various bargaining units and the cost of salary increases granted each year to non-represented employees. This includes across-the-board increases, increments, merit increases, etc. Excluded are promotions, reclassifications, and unit-initiated adjustments.

Salary Savings – The difference between the amount budgeted for salaries and the year-to-date expenditures and projected expenditures to the end of the fiscal year for those same budgeted positions.

Senior Officer – The controller of an executive level budget responsibility or several responsibilities

Glossary of Terms
Appendix A
(Continued)

Special Project Accounts – Accounts funded from recovery of facilities and administrative costs on grants and contracts. The accounts have no budgeted positions and are charged for fringe benefits for any salary costs incurred.

State Budget – All the state accounts (accounts funded by state appropriations, general tuition and fees and some minor miscellaneous income) are collectively referred to as the state budget.

State Funded Accounts – Those accounts that are supported by state appropriations, general tuition and fees and some minor miscellaneous income. The first two digits of these accounts are: 2-0, 2-1, 2-2, 2-3, 2-4, and 2-7.

Sub-Elements - An attribute assigned to every account in the state budget that identifies the purpose of expenditures from the account. The sub-elements are: Instruction and Departmental Research, Separately Budgeted Research, Extension and Public Service, Student Services, General Institutional Support, Physical Plant, General Administration, Library, Computers, Student Aid, and Special Projects.

Transfers – A transaction that reallocates dollars from one funded item to another funded item.

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