

Texas A&M International University Office of Budget, Payroll & Fiscal Analysis Internal Budget Process

The following procedures are utilized by the Office of Budget, Payroll, and Fiscal Analysis in order to manage the internal budget process at Texas A&M International University. These procedures are directly related to the University's Tuition & Fees Administration process. (Details on internal tuition & fees administration can be found at the following [link](#))

These guidelines and the timing of this process are largely based on the [Texas A&M University System budget instructions and guidelines](#). Associated budget reports due to the Texas A&M System Office of Budget and Accounting (SOBA) are completed and submitted based on the [A&M System budget calendar](#).

- The University's budget process begins with an analysis of projected revenue. This includes revenue from state appropriations, state tuition, designated tuition, student fees (including auxiliary funds), sales and services, grants, and gifts. State appropriation and tuition information is distributed by SOBA on behalf of the State of Texas and based off Legislative Appropriation Requests previously approved. Designated tuition and student fee information is also provided by SOBA after being requested by the CFO and Student Fee Advisory Committee, and approved by the Board of Regents. Sales and services projections are estimated by the Budget Director based on historical data. And lastly, grants and gift projections are provided by the Director of Grants & Contracts and the Vice President of Institutional Advancement.
- The Budget Office uses the actual amount of tuition and fees collected for the most current fiscal year to provide an historical basis for proposed budget scenarios. The projected student enrollment growth or decline for the upcoming year is decided on by the Budget Director in consultation with the Vice President for Finance & Administration (CFO). Projected enrollment growth/decline, revenue projections for approved tuition and fee increases, and other revenue projections are entered into the scenarios to finalize revenue projections by funding type.
- Revenue from state, designated, auxiliary, sales and services, grant and gift funding is recorded in particular accounts in the FAMIS accounting system for budget purposes. Generally, accounts beginning with a "1" are state funds, while accounts beginning with a "2" are designated funds, and accounts beginning with a "3" are auxiliary funds. For these three types of funds, revenue and expense accounts are separated, although both the revenue and corresponding expense accounts begin with the same number for budgeting purposes. Expense accounts are budgeted based on projected revenue, while revenue accounts record actual revenue for the fiscal year and are used for future projections. Accounts beginning with a "4" are federal grant funds, and accounts beginning with "5" are state/private grants and gifts. These types of funds, as well as self-sustaining programs (i.e. continuing education), have revenues and expenses recorded to the same account. They do not have separate budgeted expense accounts as these accounts are not budgeted.

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- Once the collected revenue data is entered by funding type, current expense budgets for individual accounts are entered into the scenarios. Required expense updates due to federal, state, or system regulations and assessments are also taken into account to finalize the first draft of the budget.
- The first draft of the budget (scenarios) highlights whether an over-realization or under-realization of funds is expected to occur for each funding type. If an under-realization of funds is anticipated, that information is presented to the CFO, revenue projections and reserves are reviewed, and adjustments to the budget are made until the budget reaches a break-even point.
- If an over-realization is anticipated, the amount for each funding type is analyzed to determine if it is sufficient to support a merit increase. If merit is the only cost an over-realization can support, the CFO and Budget Office meet with the Budget Advisory Committee to vote on whether or not merit should be recommended to the President. The overall amount of merit awarded (i.e. 2%, 3%, etc.) is determined by projections calculated by the Budget Office. Merit projections are calculated on all positions (filled and un-filled); however, the merit pool amount associated with vacant positions is set aside for VPs to make salary adjustments (i.e. market adjustments, promotions, tenure, etc.) for their respective divisions. Salary adjustment policies must be followed.
- If an over-realization is anticipated and there are funds available to sustain more than a merit increase, the CFO and Budget Office meet with the Budget Advisory Committee to organize and begin the budget request process. Deadlines for the budget request process are decided on by the CFO, Budget Office, and Budget Advisory Committee. The Budget Office distributes Budget Request and Narrative forms to departments and provides them with the deadline to submit their budget request(s) to the appropriate VP. VPs then review, approve/reject, compile, and rank budget requests in order of necessity, and submit the listing to the Budget Office.
- The CFO and Budget Office create a schedule for the Budget Advisory Committee to review and discuss requests. Once all requests are reviewed, the CFO, Budget Office, and Budget Advisory Committee meet to grade all budget requests as follows: A – for items related to life/safety or accreditation, B – for items that the committee feels strongly about, C – for items that the committee feels less strongly about and D – for items that the committee does not support. Once the requests are graded, the CFO and Budget Office calculate funding required for each grade level. The CFO, President, and VPs then review those requests for final approval. The final approved budget requests are entered into the budget scenarios, and updates are made until the budget breaks even.

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- Once the operating budget is finalized, budgets for each individual revenue and expense account are held at the Subsidiary Ledger (SL). Budgeted amounts by pool for each account are uploaded to FAMIS by the Budget Office. This process is known as the budget feed. The balance of the SL account shows the available amounts to collect in revenue, if necessary, or to spend for expenses as determined by the budget that was posted to the account. SL accounts always begin with a number between 1 and 9 (e.g. 100000). A General Ledger (GL) account begins with zero and may have only one SL account linked to it or it may have many SL accounts. If a GL account has only one SL attached to it, it is known as a “one to one” account. If a GL account has more than one SL account, it is known as a “many to one” account. This concept and process is officially known in FAMIS as “SL Mapping” and is important when understanding allocations, transfers, and beginning balances in relation to budgeting. The Budget Office enters the SL to GL and GL to GL matching to finalize the budget process and post individual budgets to FAMIS.

- Individual SL account worksheets are updated based off the final scenario and budget feed and are distributed to departments accordingly. The Budget Office meets with divisions/departments as needed to discuss allowable expenses for each of their funding sources. If budget fund transfers are requested during the fiscal year after the budget process has been completed, a budget transfer request form must be submitted and approved by the Budget Office. Transfers between accounts with the same source of funding are generally allowed; however, transfers that would co-mingle fund types are strictly prohibited.

- The Budget Office monitors expenditures throughout the fiscal year and meets with divisions/departments as necessary to ensure funds are spent accordingly. At the end of the fiscal year, the Budget Balance Available (BBA) on non-budgeted accounts (i.e. grants, gifts, etc.) rolls forward into the next fiscal year. For budgeted accounts, only enough of the BBA to cover remaining encumbrances rolls forward, with the rest of the budget rolling back to the fund balance (or GL). Fund balances are reviewed periodically by the Budget Office and CFO to ensure the appropriate amount of reserves are held and that surpluses are utilized appropriately.

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