



University Budget Process

Policy Number	3-211
Responsible Authority	Vice President & Chief Financial Officer Vice President & Chief Operating Officer
Initiating Authority	Vice President & Chief Financial Officer Vice President & Chief Operating Officer
Effective Date	7/17/2020
Date of Origin	7/17/2020

APPLICABILITY/ACCOUNTABILITY

This policy is applicable to all university employees involved in the preparation and management of operating and capital budgets. Applicable funds include Education and General (E&G) Funds, Auxiliary Funds, Contract and Grant Funds, Local Funds, Concession Funds, and Capital Project Funds.

POLICY STATEMENT

University budgets are developed in accordance with the laws of Florida and Florida Board of Governors' regulations. The goal of the university's budget planning process is to achieve a balanced budget while optimizing resources and allocating those resources to align with the university's strategic priorities. To achieve this goal, the university has a responsibility to submit an annual operating budget to the Board of Trustees each year. This policy outlines the university's annual budget process and describes the budget components and other related procedures integral to the process.

Annual operating and capital outlay budgets are developed in support of the university's strategic priorities. Recommendations are made by a budget committee appointed by the university president. This committee is jointly chaired by the vice president and chief financial officer (CFO), and by the provost and vice president for academic affairs (provost).

As required by the Governmental Accounting Standards Board, the university's financial system utilizes a fund accounting system that requires funds to be used only for the appropriate intended purposes. Fund accounting segregates assets and liabilities into separate accounting entities associated with specific activities, donor-imposed restrictions, or objectives. All funds must be classified in the appropriate net asset classification: unrestricted, temporarily restricted,

or permanently restricted, based on the absence or existence and type of donor-imposed restrictions.

Funds must not be transferred or encumbered except as authorized in budgets and carryforward commitment lists as approved by the Board of Trustees. The university Budget Office has fiduciary responsibility to the university for overseeing actual performance against budget and for providing recommendations on budget adjustments and revisions throughout the fiscal year.

Operating Budgets

The university's operating budget consists of the following budget entities:

- a. E&G, including E&G carryforward funds
- b. Contract and Grant
- c. Auxiliary Funds
- d. Local Funds
- e. Faculty Practice Plan

The university's budget is a centrally administered budget with each division being provided a defined expense budget for the upcoming fiscal year. Once the budget is approved by the Board of Trustees, the university president and vice presidents will decide on the allocation of their respective expense budgets to the colleges and non-academic units.

University departments are accountable for their respective budget and will maintain a balanced budget by monitoring spending and notifying the Budget Office in advance of any potential cost overruns. If overspending occurs, departments will work in conjunction with their division budget directors and the Budget Office to resolve the overspending.

The university's financial system does not allow for overspending in non-payroll expenses by department. The system's budget-checking functionality (Commitment Control) prevents overspending with regard to general and administrative expenses.

Carryforward Budgets

An E&G Carryforward Spending Plan, consisting of unexpended balances from all prior-period E&G appropriations, is a required component of the university's operating budget when the carryforward balance is in excess of seven percent of state operating funds (the required reserve). E&G carryforward funds must only be used for nonrecurring expenditures, unless authorized in advance by the Board of Governors.

The university's E&G Carryforward Spending Plan includes the estimated cost per planned expenditure and a projected timeline for completion of the expenditure. Authorized expenditures in an E&G Carryforward Spending Plan may include:

- a. commitment of funds to a public education capital outlay project for which an appropriation has previously been provided that requires additional funds for completion, and which is included in the list required by section 1001.706(12)(d), Florida Statutes;
- b. completion of a renovation, repair, or maintenance project (as defined in Board of Governors' Regulation 14.001) that is consistent with the provisions of section 1013.64(1), Florida Statutes, up to \$5 million per project, and replacement of a minor facility that does not exceed 10,000 gross square feet in size up to \$2million;

- c. completion of a remodeling or infrastructure project (as defined in Board of Governors' Regulation 14.001), including a project for a developmental research school, up to \$10 million per project, if such project is survey recommended pursuant to section 1013.31, Florida Statutes;
- d. completion of a repair or replacement project necessary due to damage caused by a natural disaster for buildings included in the inventory required pursuant to section 1013.31, Florida Statutes;
- e. operating expenditures that support the university mission and that are nonrecurring; and
- f. any purpose specified by the university Board of Trustees or in the General Appropriations Act.

Capital Outlay Budgets

The university is required to prepare an annual Fixed Capital Outlay Budget for all fixed capital outlay projects in accordance with the instructions, guidelines, and standard formats provided by the Board of Governors. The university's fixed capital outlet budget categories include:

- a. E&G Operating Projects
- b. Minor Carryforward Projects
- c. Major Carryforward Projects
- d. State Appropriated Projects
- e. Non-Appropriated Projects

The focus of capital outlay budgeting is the planning process used to determine the university's long term investment in assets that have a useful life of greater than one year, including new and replacement machinery and equipment; major upgrades or repairs; new buildings; building improvements; system infrastructures (such as security, fire prevention, utilities); technology; and vehicles. The capital outlay budget is developed in conjunction with the operating budget because it impacts operating expenses through depreciation expense and requires funding decisions.

The capital outlay budget process begins with a required Educational Plant Survey conducted at least once every five years, reporting on the use of the university's existing facilities and projected future needs based on anticipated university growth. In addition, a Campus Master Plan, adopted by the Board of Trustees, identifies general land uses and addresses the need and plans for the provision of roads, parking, public transportation, solid waste, drainage, sewer, potable water, and recreation and open space during the coming 10 to 20 years. The Campus Master Plan must contain elements relating to future land use, intergovernmental coordination, capital improvements, recreation and open space, general infrastructure, housing, and conservation. Together, the Educational Plant Survey and the Campus Master Plan inform the development of a Five-Year Capital Improvement Plan and a Capital Outlay Budget prepared by the chief operating officer, which is submitted to the university president for review and approval. The Educational Plant Survey and recommended Capital Improvement Plan and Capital Outlay Budget will be presented to the UCF Board of Trustees Finance and Facilities Committee, which will make the recommendation to the full UCF Board of Trustees as to whether to approve the plan and budget as presented. The Capital Outlay Budget must be approved by the Board of Governors; such approval remains in effect for the life of the projects. The annual Capital Outlay Budget must include all fixed capital outlay projects, including previously approved projects which have not yet been completed, but excluding those projects acquired, constructed, and owned by a DSO or under a public private partnership.

The Facilities and Safety Budget Office is responsible for overseeing actual performance against project budget and providing recommendations on budget adjustments and revisions throughout the fiscal year.

To ensure resources are available for successful completion of capital outlay projects, university departments are required to obtain approval from Facilities and Safety prior to initiating any capital projects or including capital projects on a Carryforward Spending Plan.

Auxiliary Facilities with Outstanding Revenue Bonds

In accordance with BOG Regulation 9.008, the university controller prepares an Income and Expenditure Statement, in a format provided by the Board of Governors, for each auxiliary bond issue. Certain bond covenants require that these statements be approved by the Board of Trustees and submitted to the Board of Governors for approval at least 90 days prior to the beginning of the fiscal year.

University Budget Directors Committee

The university formed a Budget Directors committee to ensure consistent and timely communication, development, and application of budget-related information and processes across the university. The committee is chaired by the associate vice president for budget, planning, and analysis and is composed of the primary budget director for each college and division. Committee members provide their respective unit's positions on issues before the committee and keep their respective units apprised of committee issues. Visitors may attend committee meetings upon invitation of the Chair and are typically invited to discuss the impact of new or existing budget requirements, processes, or related topics that will aid members of the committee. The committee meets monthly and advises the Chair on budget issues impacting university colleges and divisions. The Department of Finance and Accounting supports the committee, maintaining records of meetings and a current roster of all participants.

The committee members will assist the associate vice president for budget, planning, and analysis in the identification of policy, procedure, or training needs related to budget planning and analysis.

Enforcement

Purposeful noncompliance with this policy may result in disciplinary action up to and including termination from employment with the university.

DEFINITIONS

Auxiliary Funds. Revenue from university business operations that support the operation of the university. These operations are self-supporting through university user fees, payments, and charges, including, but not limited to, housing, parking, student health, computer store, telecommunications, printing, dining, postal, office supply, and bookstore operations. They also include revenues from continuing education, participant fees, and market rate tuition programs. E&G funds are not permitted to be used to support Auxiliary operations. Each institution may determine whether its auxiliary operations will be self-supporting on an individual or collective basis, except for athletics, which shall be a self-supporting entity; the university has elected to

manage its auxiliary units as self- supporting in the aggregate.

Concession Funds. Commission-based revenues from beverage and pouring, snack vending, and student housing laundry machines. Concession funds must not be used for refreshments consumed at regular office breaks, alcoholic beverages, holiday items or greeting cards, birthday acknowledgements, fines or penalties resulting from violations of law, or for construction except as provided under s. 1013.74, F.S. UCF Policy 3-209 provides further guidance.

Contract and Grant (C&G) Funds. Research and work study awards from federal, state, local, and private sponsors, as well as funds from Direct Support Organization (DSO reimbursements for use of university resources.

Direct Support Organization (DSO). As provided in Section 1004.28, Florida Statutes, and Florida Board of Governors Regulation 9.011, a Direct Support Organization is an organization that is certified by the University of Central Florida Board of Trustees as operating in a manner consistent with the goals of the University and the best interest of the State. A DSO may use the university's financial system but may have a separate banking account.

Educational and General (E&G) Carryforward Funds. Unexpended E&G funds that roll forward for spending in the following fiscal year in support of operating activities. Interest or investment earnings on carryforward funds are also considered E&G and must only be used for operating activities. Each university is required to retain a carryforward reserve equal to seven percent of its operating budget.

Educational and General (E&G) Funds. General Revenue funds and Educational Enhancement funds (from the Florida Lottery) appropriated by the Legislature, student tuition and matriculation payments, and certain collected student fees (e.g. out-of-state fees). State-appropriated funding is no longer tied to enrollments. E&G funds may be used for general instruction, research, public service, plant operations and maintenance, furniture, fixtures, equipment, student services, libraries, administrative support, and other enrollment-related and stand-alone operations of the university.

Educational Plant Survey. A systematic study of present educational and ancillary facilities and the determination of future needs to provide an appropriate educational program and services for students. This survey is required by Florida Statutes for all public secondary educational institutions and must be conducted at least once every five years.

Faculty Practice Plan Funds. Income collected by and distributed from faculty billings for patient services to the university medical clinic to cover the cost of medical services. This budget must be designed to report the monetary level of clinical activity regarding the training of students, post-graduate health professionals, and medical faculty.

Fixed Capital Outlay Project. The construction, acquisition, or demolition of fixed assets or real property (land, land improvements, buildings including appurtenances, fixtures, and equipment) including additions, replacements, major repairs, remodeling, and renovations to real property which materially extend the useful life or materially improve or change its functional use,

including furniture and equipment necessary to furnish and operate a new or improved facility, provided all such projects meet at least one of the following criteria:

- a. Land, land improvements, or buildings with an expected useful life of 20 years or more, and in excess of \$100,000 or the university's dollar value capitalization threshold for the subject asset classes; or
- b. Appropriated by the State as fixed capital outlay.

Fund Accounting. An accounting system used to track the funds assigned to different purposes and for which separate accounting records are kept. Fund accounting segregates assets and liabilities into separate accounting entities associated with specific activities, donor-imposed restrictions, or objectives. All funds must be classified in the appropriate net asset classification: unrestricted, temporarily restricted, or permanently restricted, based on the absence or existence and type of donor-imposed restrictions.

Local Funds. Funds including Student Activities, Financial Aid, Concessions, Technology Fee, other Board-Approved Fees, and university Self-Insurance Plans.

PROCEDURES

Operating Budget Development

Annually, the CFO, in consultation with the president and the provost, will determine the total available funding from all sources to be allocated in the university's budget. After this amount is set, the president, CFO, and provost will jointly determine the E&G allocation to the academic and non-academic units across the university. The provost, working with the deans and vice provosts, will determine E&G allocations to the academic units reporting to the provost; the CFO, working with the other vice presidents, will determine E&G allocations to the non-academic units.

Upon approval by the president, the E&G budget allocation document will be signed as approved by the president, provost, and CFO. The recommended budget will be presented to the UCF Board of Trustees Finance and Facilities Committee, which makes the recommendation to the full UCF Board of Trustees, annually in June, as to whether to approve the annual operating budget as presented.

The Budget Office will prepare a quarterly comparison of budget to actual revenues and expenses as well as a forecasted projection of year-end results for the Board of Trustees. The comparison will include a written explanation of known changes or variances.

Carryforward Spending Plan Development

E&G Carryforward Spending Plans will be created by the departments with E&G carryforward funds, then reviewed and compiled by the Budget Office. The plans must be approved annually by the Board of Trustees during September and by the Board of Governors by October 1. Annually, by September 30, the CFO will certify the unexpended amount of funds appropriated

to the university from the General Revenue Fund, the Educational Enhancement Trust Fund, and the Student and Other Fees Trust Fund as of June 30 of the previous fiscal year.

Capital Outlay Budget Development

The vice president and chief operating officer (COO) will develop a capital outlay budget that is in harmony with the Educational Plant Survey and includes proposed capital outlay expenditures by project for the year from all funding sources.

The Facilities and Safety Budget Office will prepare a periodic comparison of budget to actual revenues and expenses, as well as a forecasted projection of project results for the Board of Trustees. The comparison will include a written explanation of known changes or variances.

Legislative Budget Requests

The CFO, COO, and provost will develop and prepare the university's operating and capital outlay legislative budget requests (LBR) following instructions, fiscal policy guidelines, and standard formats provided by the Board of Governors.

Operating and capital outlay legislative budget requests will be submitted to the university president for review and approval. The recommended LBRs will then be presented to the UCF Board of Trustees Finance and Facilities Committee, which will make the recommendation to the full Board of Trustees as to whether to approve the LBRs as presented. Finance and Accounting will submit approved LBRs through Institutional Knowledge Management to the Board of Governors in advance of the legislative session.

RELATED DOCUMENTS

[University of Central Florida Board Policy – University Budgets](#)

[UCF Regulation 4.013 Budgets of University of Central Florida](#)

[BOG Regulation 9.007, State University Operating Budgets](#)

[BOG Regulation 9.008 University Auxiliary Facilities with Outstanding Revenue Bonds](#)

[BOG Regulation 9.013, Auxiliary Operations](#)

[BOG Regulation 9.017, Faculty Practice Plans](#)

[BOG Regulation 14.001 Definitions](#)

[BOG Regulation 14.0025, Action Required Prior to Capital Outlay Appropriation](#)

[BOG Regulation 14.003 Fixed Capital Outlay Projects – University Budget Procedures](#)

[BOG Regulation 14.006, Fixed Capital Outlay Legislative Budget Request Procedures](#)

[Chapter 1011, Florida Statutes, Planning and Budgeting](#)

[Section 1013.30 University campus master plans and campus development agreements](#)

[UCF Policy 3-210 Expenditure of University Funds](#)

CONTACTS

UCF Budget Office

UCF Foundation, 12424 Research Parkway, Suite 307, Orlando, FL 32826 (407) 882-1105

POLICY APPROVAL (For use by the Office of the President)	
Policy Number: 3-211	
Initiating Authority: <u>Joseph Trubacz</u>	Date: <u>07/07/20</u>
Initiating Authority: <u>Misty Shepherd</u>	Date: <u>07/07/20</u>
University Policies and	
Procedures Committee Chair: <u>Phonka L Bishop</u>	Date: <u>6/26/2020</u>
President or Designee: <u>Alexander Cartwright</u>	Date: <u>7/17/2020</u>
	<small>Digitally signed by Alexander Cartwright Date: 2020.07.17 09:24:46 -04'00'</small>