

## **Rocky Mountain College Budget Process**

Rocky Mountain College budgets income and expenses for the General Operating Fund (Unrestricted Fund) only. (See Grant Budgets below). Budget information is entered by line item by project (ledger) and can be printed by project, department, area, function or the College as a whole.

Revenues are usually matched to costs in each ledger, however certain revenues (such as undergraduate tuition) is recorded in a non-program revenue ledger (10.0001). Budgets, in general, remain about the same from year to year. Our accounting system copies budgets from the current fiscal year (July 1 balance) to the next fiscal year (July 1 balance). Then, changes are entered based on current and past years' experience as well as expected needs. Generally changes are made for the following areas:

- Tuition and fees (based on revised tuition rate and expected enrollment)
- Scholarships
- Salaries and fringe benefits, including tuition remission
- Travel, Supplies, Services, Repairs and Maintenance at the project level
- Capital expenditures or major capital projects
- Anticipated major repairs
- General institutional costs such as insurance, utilities, debt service
- Gift income
- Investment income
- Residence halls and meal plans

### **Tuition & Fees:**

*By October 1*

The first step in the budget process is to determine rate of tuition. This process looks at what other schools are doing, recommendations from our marketing consultants, and discussions with Admissions administration as to what the market can bear. During this period, all other fees are reviewed and various departments are invited to provide input as to fees relating to their activities, such as PE labs, flight labs, etc. Trip fees are set as each academic trip is planned and added to the Tuition and Fee schedule as they become available.

This needs to be done as early as possible so that the new rate can be advertised to the new students being recruited for the following fall. This increase has ranged from 3.5 to 7 percent over the last ten years. See Tuition and Fee Schedule - Exhibit A.

Once administration (Cabinet) has determined the rate increase for tuition and fees, residence halls and the meal plans, the Tuition and Fee Schedule is taken to the Board of Trustees for

approval at the November Board meeting.

Revised tuition and fees must be input into CampusVue before registration is opened for the following fall or following semester.

**Enrollment:**

*By October 1st*

The next step in the budgeting process is to set expected enrollment for new students and transfer students. The number of returning students and graduate students is estimated. In addition, we determine the drop factor to be used between fall and spring semester and from spring to fall. Currently we are using a conservative drop factor of 13 percent for new and 11 percent for returning students.

**Scholarships:**

*January and early February*

The discount rate is used to determine expected scholarships to be awarded to new and returning students. Recently this is 52.8 percent of new undergraduate student tuition revenue and 50.0 percent for returning undergraduate student tuition revenue.

Once tuition, enrollment, and scholarship discount rates are calculated, a Revenue and Scholarship worksheet is prepared which calculates total revenues and scholarships for budgeting. This spreadsheet calculates all tuition revenue and scholarships as well as tuition remission and provides a summary comparison to prior year. See Revenue and Scholarship worksheet – Exhibit B.

The Director of Financial Aid provides expected income for Federal Workstudy, SEOG Match and MHEG/MTAP State Grant.

**Salary and Fringe Benefit Budgets:**

*By March 1st*

To determine salary increases, proposed percentage increases are entered on a Salary and Benefit spreadsheet which lists full-time and half-time regular faculty and staff by project number. The spreadsheet allows calculation of new rates of pay based on percentage increases as well as the related fringe benefits. This is used to input the Position Budgets into the HR accounting module in CampusVue Finance. This spreadsheet is also used to budget for fringe benefits as the fringe benefit rate for each individual must be entered in the Position Budget screen as well. Each Vice President is also asked for input as to new positions, employees retiring or resigning, promotions, etc.

Adjuncts and overloads for the following fall and spring semesters are also input into the

Position Budgeting.

Workstudy budgets are reviewed by Student Services and submitted based on actual usage and future need.

**Tuition Remission:**

The Dean of Students and Human Resources estimate the number of students using tuition remission for the following year. Prior history is also used to estimate this total. Tuition remission is included in the Employee Benefits budget line item.

**Budgeting for Other Expenditure Lines:**

*December through February*

Each VP is asked to analyze their budgets and submit requests for additional budget if needed in their departments. Specific areas that may need additional analysis include Flight Ops, PA program, Masters of Educational Leadership program, Admissions, Black Tie Blue Jeans, Athletic travel, Camps and Conferences and Facilities Service needs.

The Business Office determines budget needs for debt service, utilities, insurance, bad debts, vacation accruals, trust income, legal and audit fees, other consultant fees, worker's compensation insurance, etc.

At this time, any special budget line items are also requested and entered, such as any trips being subsidized by the College (not covered in full by student fees). Other special budget line items would include consultants for fundraising, marketing, capital expenditures, deferred maintenance, etc.

**Gift Income:**

The budget for gift income is set by Cabinet, based on expected Black Tie Blue Jean revenues and prior year annual fund gift income history. Only unrestricted gift income is budgeted.

**Investment Income:**

*Early February*

The Business Office calculates the draw from the Endowment based on market values at December 31 of each year for the following fiscal year. The draw from the endowment is treated as investment income for budgeting purposes. A portion of the endowment draw is temporarily restricted, so is not available for the general operating fund budget. Also, endowed scholarship information is provided to Financial Aid as these are awarded individually.

Trust income, endowment draws, student account interest and interest on other bank accounts is included in investment income.

### **Residence Halls and Meal Plans:**

*By end of February*

Increases in meal plans are based on expected increases from Sodexo. Generally new budget values are calculated by increasing prior year actual by 3 to 4.5 percent for both the Sales – Student Dining (4463) and the Resale Food (7406) lines.

Residence Hall income is provided by the Director of Housing for each residence hall based on expected student numbers and the increase in rate, usually 3.0 to 3.5 percent.

### **Budget Completion and Approval:**

*Completed last week of March for approval in May*

As changes are made to the budget for the next fiscal year (Budget Next Year), they are entered into CampusVue Finance. This can be done by the Vice Presidents or the Business Office. Budget changes are submitted for approval if entered by the Vice Presidents. The overall College budget must be balanced or show a surplus.

The final Budget is submitted to the Board of Trustees for approval at the May Board meeting.

After approval the Business Office adjusts the Spread Rules so that the Year to Date budget is properly reflected depending on how the income and expenses are expected to be incurred.

As the fiscal year progresses, various departments can print their budget reports (or request from the Business Office) to compare their actual expenditures to their budgets, either year to date or annual. In addition, the Business Office regularly reviews all budgets and sends out notices or calls project directors who have overspent their budgets. During the fiscal year, budget transfers are made to readjust budget line items between expenditure categories as needed. These are entered by the Business Office.

### **Grant Budgets:**

Budgets are entered for grants in order to track spending in relation to funds available. Grants are also tracked in the Costing module which allows the project director to see periods other than RMC's fiscal year when requesting transaction history or other grant reports. To simplify the budgeting process, grant budgets are not entered until the general operating fund budget has been finalized. Grant budgets must equal zero; in other words, expenditures must equal grant income.