

OPERATING BUDGETS FAQs

Budget Basics

Fiscal Year

How is the current fiscal year designated?

FY08, which stands for “fiscal year 2008.”

What time period does FY08 cover?

The current fiscal year, FY08, goes from June 1, 2007 through May 31, 2008.

What time period will FY08 cover?

FY08 will go from June 1, 2008 through May 31, 2009.

Account Information

What kind of expenses are covered?

Operating budgets cover ordinary expenses such as office supplies and faculty travel.

Operating budgets do not normally include salaries. (Budgets for some graduate programs may include stipends for graduate assistants.)

Operating budgets do not normally include capital equipment such as computers. (Budgets for some departments may include money for lab supplies.)

What does the account number 1-9421-62111 represent?

The first number, 1, indicates that the account is for operating expenses.

The next four numbers, 9421, designate the particular department or program budget account.

The last five numbers, 62111, designate the particular expense line. For example, the expense line 62111 is “supplies - office.”

Why is it necessary to use all ten numbers (1-9421-62111)?

The first five, 1-9421, are necessary so that the proper department or program budget account is charged.

The last five, 62111, are necessary so that the proper expense line is charged.

Expense Lines

Is it important that expenditures are charged to appropriate expense lines?

Yes, in order to have an accurate record of expenses.

Are some expense lines more important than others?

No, they are all equally important.

Is it possible to transfer money from one expense line to another?

Yes. This can be done using the Budget Adjustment Request Form, which is then submitted to Resource Management.

Is the Budget Adjustment Request Form available online?

Yes. It is available from the Information for Chairs and Information for Directors pages of the Academic Affairs website.

Is there any reason to transfer money from one expense line to another?

Yes, since transfers are reflected in adjusted budgets, which are explained in the next section.

Adjusted Budgets

What is the original budget?

The original budget consists of the original allocations at the start of the fiscal year.

What is an adjusted budget?

Adjusted budgets reflect transfer of funds in and out of the account or among expense lines.

At the end of a fiscal year, the final adjusted budget may be quite different from the original one.

Budget Administrator

Who is the Budget Administrator?

The Budget Administrator is normally the Department Chair or the Program Director.

What is the responsibility of the Budget Administrator?

The Budget Administrator is responsible for oversight of the budget and for authorizing payment of expenses.

Can the Budget Administrator designate others to authorize payment of expenses?

Yes. Typically an Administrative Assistant is so designated.

Budget Management

The Bottom Line

Is the “bottom line” important?

Yes! At the end of the fiscal year, budgets are expected to have a non-negative balance.

Does it matter if a particular expense line is overbudget?

The purpose of budget management is to track actual expenditures using meaningful expense lines. This is easier if individual expense lines are non-negative.

To insure that expense lines remain positive, transfer funds from one expense line to another. As noted above, making such transfers is straightforward.

Oversight

How can a Budget Administrator determine the current status of the account?

The current status can be determined using the Colleague system, an online database program.

How does a Budget Administrator begin using the Colleague system?

Budget Administrators automatically have authority to monitor their accounts using the Colleague system. The system requires a UserID and password.

To obtain a UserID and password for the Colleague system, contact Donna Riley (x2275, driley@loyola.edu). She can also provide basic information about the program.

Does the Colleague system provide all the necessary information to monitor an account?

No, the system does not show encumbered expenses; i.e., expenses that have been incurred, but not yet paid. The system shows only paid expenses.

Does the monthly summary spreadsheet provide all the necessary information to monitor an account?

No, there is always a time lag. In addition, since the information on the summary spreadsheet comes from the Colleague system, it does not contain encumbered expenses.

How can a Budget Administrator monitor encumbered expenses?

A careful record should be kept of such expenses.

Frequently, Budget Administrators ask their Administrative Assistants to do this.

Overdrawn Accounts

What happens if the account becomes overdrawn?

The account will be frozen. No additional bills will be paid.

What if an account is close to being overdrawn?

Ideally, of course, the Budget Administrator will have monitored the account closely enough so that this does not happen.

If the account is in danger of being overdrawn, the Budget Administrator should contact his/her Supervisor. Department Chairs and Program Directors should contact their Dean.

Chargebacks

Definition

What are chargebacks?

An expense incurred for equipment or service that is passed on to the using department or activity.

What are typical chargeback items?

Postage, Photocopying, and Central Duplicating are the chargeback items that appear in most budgets.

Do chargebacks represent "real" money?

Yes. These expenses are like every other expenditure. It is important to note that if there are insufficient funds in the chargeback budget line, the deficit goes against the total budget.

Charges

What are Postage Chargebacks?

Postage Chargebacks cover postage expenses for mail sent through the U.S. Postal System.

How are Postage Chargebacks determined?

Each Department or Program has a special mailbag, which contains a barcode tag. The barcode, which indicates the account number, gives the College Post Office the information it needs to charge the proper account.

Mail dropped off at the College Post Office currently requires a form containing the departmental account number.

What are Photocopying Chargebacks?

Photocopying Chargebacks cover copying done at an office photocopy machine.

The cost is \$.042 per copy.

How are Photocopying Chargebacks assessed?

Office or hall photocopy machines that are in unsecured areas or shared by several departments require campus card access. The campus card is the individual's ID card. The reader matches the campus card owner with a departmental budget account. Departments without card systems on their photocopy machines are charged monthly based volume taken from the meter on the photocopier.

What are Central Duplicating Chargebacks?

Central Duplicating Chargebacks cover copying and printing done at the Sellinger Hall Copy Center and printing and copying done at the Central Duplicating facility at York Road.

The charge for copying is \$.036 per black and white copy. Color photocopying is available at the Copy Center at a cost of \$.40 per 8.5 x 11 copy, \$.59 per 8.5 x 14 copy, and \$.78 per 11 x 17 copy. Chargeback rates for printing and other duplication center services depend on the volume and complexity of the job.

How are Central Duplicating Chargebacks determined?

Material sent to Central Duplicating or the Copy Center must be accompanied by a Printing Requisition Form. This form requires an account number.

Chargeback Expense Lines

Can money be transferred in or out of chargeback expense lines?

Yes. These expense lines are just like any other line. Money can be transferred in or out of them.

If chargeback expenses are less than the budgeted amount, can the savings be used for other expenses?

Yes.

Cost Saving Strategies

How can a department or program reduce its Postage Chargebacks?

Where appropriate, use an alternate form of communication such as e-mail.

How can a department or program reduce its Photocopying Chargebacks?

Send larger jobs to Central Duplicating, thus saving approximately 25%.

Central Duplicating will make every effort to turn the job around within 24 hours of receiving the request form and original. If the request is strictly for high volume copying, the process can be expedited by hand carrying the item to the Sellinger Hall Copy Center (Room 112) where it will be scanned and sent electronically to the high volume machine at York Road. A campus mail carrier or courier will return the job to the copy center, or by special request, will deliver it directly to the department. All requests for offset printing should go through campus mail to the Central Duplicating facility at York Road. The copying of jobs at Central Duplicating will reduce costs for copying.

Where appropriate, use Blackboard for routine class announcements and the like, thus saving both money and paper.

How can a department or program reduce its Central Duplicating Chargebacks?

Instead of having course materials returned to the department for distribution by the faculty member, have them sent to the Bookstore for purchase by

students. Another area that might need attention is strict adherence to copyright laws (see next section).

Instead of providing every student with a personal copy, put the material on reserve in the library.

Whenever possible send document files instead of hard copies to the Copy Center and Central duplicating. The high volume machines are now digital so there is no need to scan in hard copy material when it is on a file. This will give you original quality on all copies and print on demand capability rather than making (and paying for) many excess copies. This is very helpful in making course packs that are used on a recurring basis.

Copyright Permission

Why is it important to obtain copyright permission?

It protects the intellectual property rights of the author.

It sets an important example for students by modeling ethical behavior.

The law requires it.

How are copyrights related to chargebacks?

One way to reduce Photocopying and Central Duplicating chargeback expenses is to have course materials sold in the Bookstore. Central Duplicating does not charge departments for copying course material sent to the bookstore for sale, instead the Bookstore reimburses Central Duplicating for all copies sold.

Central Duplicating will not copy protected material unless copyright permission has been obtained.

The Bookstore will not sell protected material unless copyright permission has been obtained.

What is the process for obtaining copyright permission?

Departments are responsible for processing copyright permissions. Copyright permission for most material can be obtained through the copyright clearance center (www.copyright.com). A copy of the procedures for obtaining copyright permissions, processing charges and duplicating copyrighted material can be obtained from Claire McCardell, Campus Services(x2286, cmccard@loyola.edu). Plans are to make these procedures available online in the near future. She is also available to provide instruction on this relatively simple Internet based process to faculty and departmental administrative staff. Payment for all permissions and duplicating will be charged to the Central Duplicating budget and recouped from Campus Bookstore sales.

How long does it take to get copyright permission?

It varies from less than 24 hours to more than a month.

The majority of publishers (approximately 90%) participate in the Copyright Clearance Center (www.copyright.com). Permission can be obtained online.

In these cases, permission is usually received in a day or two.

If course materials are photocopied at Central Duplicating and sold in the Bookstore, is there a charge to the department?

No.

Is there a charge to departments for copyright permissions?

No, as long as they are sold in the Campus Bookstore. As noted earlier, Central Duplicating is reimbursed by the Bookstore.

Budget Preparation

Budget Request Form

What is the process for preparing a budget request for the next fiscal year?

The Office of Academic Affairs sends a Budget Preparation Spreadsheet to the Budget Administrator. This spreadsheet lists each expense line and the current budget allocation. It also contains a column for “requests for the next fiscal year.”

The Budget Administrator completes the Budget Preparation Spreadsheet by filling out the “requests for the next fiscal year” column and returns it to the Office of Academic Affairs for technical processing. It is then sent to the Budget Supervisor.

Written justification must be provided for significant increases in current expense lines or for new requests. This is sent to the Budget Supervisor.

The Supervisor has the ultimate responsibility to approve the budget.

What is the approximate timetable?

Budget Request Forms for FY09 will be distributed in early December 2007; they will be due in mid-January 2008.

Approved budgets for FY09 will be distributed in early May.

Procedure

How should a Budget Administrator begin to complete the Budget Request Form?

Compare the previous year’s original and adjusted budgets. If there are significant differences, consider using the latter figures.

Compare the previous year’s actual expenses with the adjusted budget. If there are significant differences, consider making changes in expense lines to more accurately reflect last year’s actual expenses.

Look at the current year’s expenses to date; try to extrapolate to the entire year. Compare these estimates with the previous year’s actual expenses and its adjusted budget.

What else should a Budget Administrator consider?

Consider whether there are expense lines that can be reduced or eliminated.

Consider whether there is a need for new or increased expense lines. If there are, carefully prepare written justification.

If the budget request represents a significant increase, it is wise to discuss it with the Supervisor before it is submitted.

What should a Budget Administrator avoid doing?

Simply copying the previous year’s budget figures.