



Campus Administrative Policy

Policy Title: Budgeting

Policy Number: 2022 Functional Area: Finance

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Approved by: Associate Vice Chancellor for Budget and Operations

Prepared by: Budget Office
Reviewing Office: Budget Office
Responsible Officer: Budget Office

Applies to: CU Anschutz Medical Campus
 CU Denver Campus

A. INTRODUCTION

The purpose of this policy is to establish guidelines and procedures for the University of Colorado Denver | Anschutz Medical campus (“university”) to follow in the creation of campus budgets.

It is the responsibility of all administrative and academic personnel to ensure compliance with this policy.

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C. APPLICABILITY

This policy applies to all programs funded through the general, auxiliary, and plant funds.

D. DEFINITIONS

1. Auxiliary and Self-Funded Activities Fund accounts for resources from enterprise, auxiliary, and self-funded activities maintained by the university. They are funds 20 through 29 in the finance system.
2. Budget Journal is the official document for recording budgets into the finance system.
3. CDHE (Colorado Department of Higher Education) is the coordinating agency for higher education in the State of Colorado.
4. COFRS (Colorado Financial Reporting System) is the financial management system used by the State of Colorado.
5. Capital Assets are buildings, capital equipment, and other capital assets that are recorded in the Investment in Plant fund.
6. Capital Equipment is an article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more. This includes donated equipment, and equipment being constructed where component parts may be less than \$5,000 each, but the total cost will be \$5,000 or more.
7. Capital Projects are the work undertaken to construct new buildings, renovate, and maintain existing campus assets, including leased buildings. The university follows State of Colorado Fiscal Rules that currently capitalize projects costing at least \$75,000. All other projects are expensed and generally not recorded in the Plant Fund.
8. Carry-Forward Funds are unexpended budget authority for the general fund at the end of the fiscal year that is planned to be expended in the next fiscal year pending approval by the Chancellors and Board of Regents.
9. Cash Funds is a term used by the legislature to designate moneys received by state agencies from fees charged for goods or services provided to users including students, employees, other state agencies, and outside entities. These are still appropriated by the legislature even though they are not monies provided by the state.
10. General Fund is the term used to describe the unrestricted resources available primarily from state general funds, student tuition and fees, facilities and administrative (indirect) cost recoveries that are used to fund instructional and administrative functions of the University.

11. OSPB (Office of State Planning and Budget) is the central planning and budget office for the executive branch of the Colorado State government.
12. Over expenditure of Appropriated Funds exists when the total expenditures, based on the accrual basis of accounting, exceed the amount statutorily appropriated, as reflected in the financial system. An over expenditure also exists when accrued revenue is less than the expenditures in any fiscal year and where the fund balance at fiscal year-end is insufficient to cover the revenue shortfall.
13. Over expenditure of Non-Appropriated Funds is an over expenditure of cash, custodial, or other funds. It occurs when the accrued revenues in the cash funds or custodial funds are less than the actual expenditures in any fiscal year for a particular program or project, and where the residual balance for the cash, custodial, or other fund is insufficient at fiscal year-end to cover the revenue shortfall.
14. Roll-forward Funds are current year unexpended budget authority for the general fund at the end of the fiscal year, that when approved for spending authority by the Chancellor and Board of Regents, become carry forward funds into the new year.

E. POLICY STATEMENT

1. General

The university records its resources in fund groups according to higher education accounting standards:

- a. General Fund (fund 10)
- b. Auxiliary and Self-funded Activities Fund (fund 20 to 29)
- c. Restricted Fund (funds 30 to 34)
- d. Loan Fund (fund 50)
- e. Plant Fund Group
 - 1) Capital Construction Fund (fund 71)
 - 2) Renewal & Replacement Fund (fund 72)
 - 3) Retirement of Indebtedness Fund (fund 73)
 - 4) Investment in Plant Fund (fund 74)
- f. Agency Fund (fund 80)

This policy relates to budgeting the General Fund (fund 10), Auxiliary and Self-Funded Activities (funds 20 to 29), and Capital Construction Funds (fund 71). The other funds are managed using different processes.

2. General Fund

- a. Budget Data Book. A Budget Data Book for all university appropriated funds is prepared annually and submitted to the President's Office, for consolidation with information for the other campuses and System Administration. The consolidated information is then submitted to CDHE. The Budget Data Book is developed consistent with CDHE instructions for college and university budget formats. Actual revenues and expenses for the two most recent fiscal years are reported. Estimate year data is provided pending Regent approval of the current year operating budget.

- b. Appropriation. An appropriation bill is passed by the Colorado Legislature and approved by the Governor annually. The bill includes appropriations of funds to CDHE for the College Opportunity Fund (COF), which is distributed based on student credit hours, and fee-for-service contracts with the state colleges and universities, which consist of negotiated funding in exchange for measurable educational outcomes for the citizens of the state.
- c. Budget Setting. The budget setting process begins approximately nine months ahead of the fiscal year with planning and projections developed in accordance with University of Colorado guidelines and coordinated with university units.
 - 1) Budget Principles and Plans. Budget principles and plans are developed by the Chancellor's Office and coordinated with the President's Office and the campus units.
 - 2) ii. University Budget. The university budget is developed with unit input and coordinated with the Chancellors' Office. Two of the major processes include:
 - a) Budget Modeling. The university Budget Office develops a budget for the General Fund using a budget model that projects revenues and expenses under different funding scenarios.
 - b) Establishing New Programs and Initiatives. New program and initiative proposals are developed by the units and reviewed by the Budget Office prior to submission to the university Executive Committee for review and approval.
- d. Budget Allocations to Campus Units. The Chancellors allocate the appropriation to each campus unit according to budget discussions held with the Executive Committee during the year.
- e. Rewrites. Budget changes during the fiscal year are completed in the Fall and Spring.
- f. Over-expenditure and Required Reporting. Each operation of the University of Colorado is expected to be managed within its own available resources. Resources for this purpose may mean appropriations, budgets, awards, or available funds. Units with anticipated over-expenditure of funds are responsible for correcting the over- expenditure and reporting the resolution to the Budget Office.
- g. Year End Budget Action. Unexpended appropriations expire at the end of each fiscal year and do not carry over to a subsequent fiscal year unless approved by the Chancellors and Board of Regents. Encumbrances that remain at the end of a fiscal year do not constitute an expenditure against that year's appropriation. Outstanding encumbrances that are carried over to the subsequent fiscal year and the resulting expenditure are charged against the subsequent fiscal year appropriation.

House Bill 1187 authorizes the Board of Regents to expend its appropriations either in the fiscal year appropriated or in subsequent fiscal years. The Board requires each campus to submit plans for approval detailing uses for state appropriations unexpended at year end (known as carry-forwards). Therefore,

the Budget Office prepares a carry-forward summary for Chancellor review and approval and subsequent submission to the Board of Regents for their approval.

- h. Procedure
 - 1) Development of Detailed Budgets Before the Fiscal Year. Each university unit will prepare a budget for its state appropriations in March before the beginning of the new fiscal year according to guidelines provided annually by the Budget Office. The budget will provide detail at the program and account code levels for each type of resource and estimated expense. The budget will be submitted to the campus Budget Office for approval and posted to the finance system according to Budget Office guidelines.
 - 2) Development of Detailed Carry-forward Budgets. A university unit will prepare an online budget journal for approved carry-forward funds and submit them to the Budget Office for posting to the finance system.
 - 3) Revising Budget Estimates During the Fiscal Year. University units will prepare an online budget journal for changes in estimated program needs and submit to the Budget Office for approval.

3. Auxiliary and Self-funded Activities Fund

- a. Background. Auxiliary fund budgets are estimates of operating revenue that the operations will generate during the fiscal year. Because each operation is expected to be self-supporting, additional legislative spending authority is not required if the operations vary from initial expectations. Also, each operation can carry forward its operational balance from one year to the next without approval by a Chancellor or Board of Regents.
- b. Procedure
 - 1) Balanced Budget. A balanced budget is required of all university auxiliaries in order to receive Budget Office approval except service centers (Fund 28), see Fiscal Policy for Service Centers. Each unit will prepare detailed budgets so that in total, resources (revenues plus any prior year fund balance) equal expenses.
 - 2) Development of Detailed Budgets for Each Fiscal Year. Each unit will prepare a balanced budget for each auxiliary program in March before the beginning of the new fiscal year or when a program is created during the year according to guidelines provided annually by the Budget Office. The budget will contain detail at the program and account code level for each type of resource and estimated expense. The Budget Office reviews and approves for posting to the finance system.
 - 3) Revising Budget Estimates During the Fiscal Year. An auxiliary will prepare an online budget journal for changes in estimated program needs and submit it to the Budget Office for approval and posting to the financial system.

4. Capital Construction Fund

A budget for each capital project in the Capital Construction Fund is prepared by

Facilities Projects and submitted to the Budget Office for approval. The budget should be developed to provide estimates for the whole project period, not just the current fiscal year.

NOTES

1. Dates of official enactment and amendments:
September 7, 2001: Adopted by Associate Vice Chancellor for Budget and Operations
July 1, 2010: Updated
March 4, 2019: Updated
2. History:
March 4, 2019: Modified to reflect a Campus-wide effort to recast and revitalize Campus policy sites into a standardized and more coherent set of chaptered policy statements organized around the several operational divisions of the university. Article links, University branding, and formatting updated by the Provost's office.
3. Initial Policy Effective Date: July 1, 2010
4. Cross References/Appendix:
 - 23-1-104, C.R.S. (HB-1187 Financing Higher Education)
 - 23-1-105, C.R.S. (Appropriations)
 - 24-37-303, C.R.S. (Governor's Budget Authority)
 - 24-37-304, C.R.S. (Office of State Planning and Budgeting)