

## **OVER-BUDGETING**

Many of us were surprised but also distressed when the ending balance for 03-04 was significantly higher than had been projected. It is imperative that we make sure that a similar situation does not occur when the books are closed for 04-05. Some steps have already been taken to avoid the surprise. Departments are not cutting back like they did last year. Vacancies are being filled at a faster rate than in previous years. Some measures were approved by FSTF that will reduce the potential for a larger ending balance than was projected. One issue that has not been addressed in total is the 'over-budgeting' that occurred in 03-04 and carried over into 04-05. The procedure for doing this involves a two-step process:

### **Phase I**

1. The amount of 'over-budgeting' must be identified.

First of all it is important to note that the budgets for permanent staff are established by computing the salaries and benefits and allocating the funds accordingly. The only 'over-budgeting' that occurs in these budgets is usually caused by vacancies which are hard to predict. However the discretionary budgets usually follow a pattern and in most cases are easy to predict. You have been provided a package that shows the expenditures for the prior three years and the current budget for each account in each department. If the 04-05 budget is higher than the expenditures for any of the three prior years, then it is likely that this account is 'over-budgeted'. To address this, FSTF proposes the following:

A) We identify discretionary budgets as those in Object Codes: 1400, 2300, 2400, 4000, & 5000, Fund 11 Unrestricted.

B) We compare the 04-05 discretionary budgets with the expenditures in each of the last three years and indicate the 04-05 budgets should be reduced to the level of the maximum expenditure for any of the last three years.

C) We allow each area to provide justification why special circumstances exist that indicates the budget established in B) is not feasible. This justification will be reviewed and a final budget amount will be established.

### **Phase II (see Guiding Principles):**

1. The allocation of those funds must be made either to:
  - Reduce the current deficit financing
  - Provide compensation increases through the collective bargaining process or
  - Meet high priority needs throughout the campus.

Step 2 could take some time and is partly out of our hands. However Step 2 cannot begin until Step 1 is completed. FSTF would like to propose a process to accomplish Step 1.

While this process is being done, a procedure for allocating these funds will be developed by FSTF. After the budgets in every department have been compared with the prior three years, then the allocation process could begin at the VP, Dean, & Director level. The Planning Councils to review prioritized list.