**CHHS Budget Philosophy**

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**Purpose**

To establish the College of Health and Human Services at UNC Charlotte’s budget philosophy and strategy with the long-term goal of sustainability. To clarify the financial responsibility of the College and its units as fiduciaries of State resources, student tuition and fee funds, and restricted gifts.

**General Budget and Spending Basics**

* A budget is a plan for spending.
* The budget year is our fiscal year, which runs July 1 – June 30. This is the period the State uses for accounting and financial statement purposes. We have to close out spending each year by June 30 and open a new set of accounting records to begin a new year in July.
* Budget owners can spend in line with their Dean approved projections
* Budget changes can come later in the fiscal year (typically not later than fall) from Academic Affairs.
* Funds at the University belong to the Chancellor. Fund distribution from the Chancellor flows to the Division of Academic Affairs, then the College, then the units.
* Budgets must be balanced. This means budgets do not exceed approved spending, and spending must be in line with approved budget amounts.
* Generally, when an expense is allowable under multiple fund types, we will utilize the most restricted fund first. For example, if a purchase is allowable from State funds or graduate tuition increment funds, we will spend from the graduate tuition increment funds first, as those may only be used to support the graduate program that generated the revenue, while the State funds can be used for a variety of operational needs for any program.
* As a guideline, 80% of budget should be allocated (spent + planned spending) by March 1st
* Majors fees are able to be carried forward into the following fiscal year. A 15% carryforward is best practice, but we have been allowed to carry forward more.
* E&T funds carried forward until FY24. In FY24, Academic Affairs moved to a 3-year projection / E&T funding request. Instead of carrying forward these funds, we request each year (3 years out) and AA determines if our request is approved in the fall of each year.
* State funds must be spent within the fiscal year. Any remaining balance is not carried forward into the next year. The Business Office team reconciles and cleans up funds each year to ensure state funds are spent, and any unspent budgets are in a carry forward fund (aka Majors, overhead, etc.).

**Glossary**

* *Budget owners:* Unit leader responsible for making budgeting and spending decisions. Within CHHS, budget owners include the Dean, the Associate Dean, the Associate Dean for Research and Graduate Studies, the Assistant Dean for Inclusive Excellence, research academy directors (APHI) and the four academic unit leaders. There may also be budget owners for different programs, such as the graduate program director level.
* *Carryforward:* Fee funds or trust funds that can carry forward from one budget/fiscal year to the next.
* *Restricted gifts:* Donations/gifts from external parties designated for a particular purpose.
* *State resources:* State appropriations, lapse salary/flex funds, summer school receipts
* *Student tuition and fee funds:* Budget sources generated by school based tuition increments (SBTI – assessed to graduate students in programs with SBTI), majors fees (assessed to undergraduate students), Education and Technology (E&T) fees (charged to all students)

**Philosophy**

* The College of Health and Human Services (the College) will evaluate all requests thoughtfully to determine if use of financial resources is in the best interest of the College’s students, faculty, and staff and if the proposed expense aligns with the College’s and/or unit’s mission. Evaluation will also occur to ensure compliance (ex: ensure the expense is allowed, has a valid business purpose, is allowed on the fund it’s being charged to, etc.)
* Unit Heads have authority over the budget distributed to their unit. Funds will be used only for their intended purposes in line with all State and University policies and guidelines.
* The Business Office team is the College’s source for compliance questions and will use sources available at the University and state level to make determinations in collaboration with the Budget Office, when needed.
* Communication among the College’s senior leadership team will be open and transparent. This means the Dean and the Business Officer will share as much budgetary and financial information as possible that is appropriate with the leadership team. The leadership team should strive for transparency among units with the understanding that each unit has different needs, and therefore, budgets will look different for each unit. Each year, the Director of Finance and Personnel will give a Money 101 presentation, as part of the Dean’s transparency series.
* The Dean is responsible for oversight of all our shared financial resources. The Dean will determine the distribution of fee funds and lapse salary (if available) and how much school based tuition increment (SBTI) the units will manage, where appropriate.
* It is not acceptable to overspend. Each department/unit has a 5% contingency fund in their unit operating budget to avoid overspending and to handle unexpected or unknown costs. Departments/units should confer with the Business Officer before spending contingency funds. If there are no unexpected costs to cover during the year, funds revert to the Dean’s Office if they remain unplanned. If a shortage is expected, budget cuts must be implemented accordingly.

**Strategy**

* Each summer, all budget owners review the ending fiscal year’s expenses vs. budget and complete budget projections for the upcoming fiscal year. This process is completed in Malibu. Budget owners should establish priorities and discuss anything new or changing with the Dean. Spending priorities should clearly link to the Unit, College, and University’s missional activities that are part of strategic plans at the unit, College, and University levels. The projections remain requests until the Dean has approved. The Business Office manages the budget projections exercise by providing historical data through Malibu and instructions for completing the exercise. The Business Office also holds frequent budget meeting with Unit Heads (at least quarterly—more by request).
* While completing the budget projections exercise, unit heads should include contingency plans for unexpected expenses and unanticipated reductions in funding. In other words, complete the exercise using information known at the time but think through and document alternatives in the event of budget changes.
* Once budget projections are finalized and approved by the Dean and budget owners know their total department operating budget, budget owners have the authority to make net-zero budget adjustments throughout the year within their individual budgets. Net-zero adjustments would be shifting expenses between categories in your budget without adding additional cost to the entire budget. For example, if a unit head planned to hire a temp worker, but was unable to find one to fit their needs, these funds could be put towards supplies or professional development instead.
* CHHS’s final spending deadline is earlier than the University’s. Final spending should be initiated and submitted to the Business Office by **April 15h** (or the Monday following April 15th if it falls on a weekend) each year. This allows for final purchases, receiving, and processing to occur in a timely manner and meet all University year-end cut off dates. Before making purchases nearing this date, the unit should ensure that purchases will be received in time (target date is May 31st -) to be counted for the current fiscal year. If this cutoff is not met, the unit has the option to cancel the item, or it will go on their budget he following fiscal year.
* Unit Heads are asked to keep a list of needs in case there are one-time funds available during any given fiscal year.