

D'YOUVILLE UNIVERSITY COLLEGE OF OSTEOPATHIC MEDICINE – *Proposed – Seeking Accreditation*

BUDGET DEVELOPMENT, MANAGEMENT & OVERSIGHT

D'Youville University's annual budgeting process encompasses all of its academic schools (to include the proposed college of osteopathic medicine, seeking accreditation). The budget process culminates with approval by the University Board of Trustees of an annual Capital Budget (typically approved in the December preceding the fiscal year) and Operating Budget (typically approved in the March preceding the fiscal year).

CAPITAL BUDGET

The annual Capital Budget is managed by the University's Facilities Planning department, currently led by Brian McNamara, Director, Information Technology Department, currently led by Joseph Gunnells, Chief Information Officer, and Associate Vice President for Operations, currently Dr. Jason MacLeod, PhD. Facilities Planning, Information Technology and AVP Operations meet with University departments and divisions throughout the year to gather facility related requests; periodically engage architects and engineers to assess the condition of major physical plant components across the campus; and consider upgrades or space reconfiguration supportive of the University's overall strategic planning process.

In consultation with the University Chief Financial Officer, currently Nicholas Fiume, CPA, a target level of capital spending for the upcoming academic year is set. The target level of spending is intended to be consistent with annual depreciation over a multi-year average (i.e. in any given year, major physical plant component replacements, such as roofs, elevators or HVAC systems may skew the one- year budget higher or lower than depreciation, but, over time, the University's goal is to keep pace with the depreciation of the physical plant).

The final Capital Budget is prepared by prioritizing the proposed projects identified by Facilities Planning and AVP Operations within the constraint of the spending target. Factors considered include:

- Projects necessary for health and safety of students, faculty and staff
- Major physical plant components approaching end of life
- Availability of outside funding (projects meeting the purpose of a restricted donation)
- Regular refreshes of student facing spaces
- Support for new program development
- Facilities needed to support curricular or teaching method changes

The Capital Budget is reviewed by the University's Finance Committee (a Committee of the Board of Trustees) and subsequently approved by the full Board of Trustees.

Once approved, projects are established as budget lines within the University's Colleague ERP system and spending may then occur consistent with the University's general procurement policies. Capital project budgets are not closed out annually but may remain open until project completion (as capital projects are routinely multi-year in nature).

For ongoing budget monitoring, a monthly meeting is held between Facilities Planning, AVP Operations, Chief Financial Officer, and University Controller, currently Taylor Parker, CPA. At the meeting, the status of in process capital projects is reviewed relative to the established budget, capital projects soon to

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commence are discussed so that purchase orders for anticipated vendors can be established, and capital projects completed are identified so that budgets can be closed out and new fixed assets capitalized in the general ledger.

OPERATING BUDGET

The Operating Budget is developed early in the Spring Semester preceding the next academic year, culminating in approval by the Board of Trustees in March.

At the beginning of the process, department budget administrators (each academic and operational department has a designated administrator) receive a template with pre-populated information on prior and current year to date budget and actual expenditures for department-level expense lines. Within the template, budget administrators may request a budget level for the following year and add comments to explain changes. The template also includes space to make personnel/staffing requests and facility/equipment needs.

With input from the templates submitted by academic and operational department administrators, the proposed operating budget is compiled by the University Business Office, led by the CFO, and reviewed with the University President prior to being presented to the Finance Committee and Board of Trustees.

The Operating Budget has several components:

- Student Tuition & Fee Revenue
- Investment/Endowment Spending
- Other Revenue
- Personnel
- Centralized Budgets
- Department Level Budgets

Student Tuition & Fee Revenue

The rates of tuition for programs and rates for housing are approved annually by the University Board of Trustees in advance of the operating budget process. To allow time for marketing and admissions activities, rates are generally established approximately one year in advance.

The Business Office works with the Office of Enrollment Management to estimate anticipated enrollment by program; and the Office of Student Affairs to estimate housing utilization. Tuition and Fee revenue is estimated for budget purposes as a function of estimated quantity X approved rate.

Investment/Endowment Spending Policy

The University's established investment policy, periodically reviewed by the Board of Trustees, specifies a target spending level of long-term investments equal to 5% of a rolling 20 calendar quarter average of the portfolio fair market value. This value is calculated by the University Business Office.

Other Revenue

Other Revenue is estimated by the University Business Office based upon prior/recent year(s) actual results and ad hoc consultation with department leaders responsible for revenue generation.

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Personnel

The Personnel Budget is established with a baseline of the current employee base.

Faculty positions are discussed in an annual meeting of the University President, Vice President for Academic Affairs (who gathers input from Deans), and Chief Financial Officer.

Input received from the Department-Level budget template submissions is compiled by the Business Office and reviewed by the CFO and University President.

For unionized employees, anticipated raises are governed by a collective bargaining agreement. For all other employees, a raise pool is proposed by the CFO and University president in consideration of inflation, labor market forces, and the financial health of the institution.

The Personnel Budget takes the form of a listing of approved positions with salary targets that is continually monitored during the year by Human Resources and the Business Office. An online approval process is used for requests to hire or replace personnel that includes required approval by the Business Office as to availability of the position in the budget.

For the annual operating budget, employee benefit costs are estimated as a percentage of budgeted salaries based on prior/recent year actuals and known premium quotes for health insurance coverage.

Centralized Budgets

The following budget lines are centralized for the University, rather than managed at individual department levels:

- Information Technology and Software – Managed by Office of Information Technology
 - Note – IT has an established online form for departments to make requests for software. There is a budget set aside for unanticipated software requests during the year, so this form is available continually.
- Faculty Professional Development – Managed by the Vice President for Academic Affairs (VPAA)
 - A pool of funding is budgeted based upon historic spending levels. A request process exists within the Office of VPAA so that requests may be made throughout the year.
- Facility & Occupancy Costs – Utilities, Repairs and Maintenance, Security, etc. – Managed by AVP Operations
- Depreciation – Calculated by Business Office
- Photocopying, Postage, Office Supplies – Departments are not charged for copying, postage or common office supplies. A central stock is maintained by the Purchasing Department.

For these areas, an annual meeting is held between the Controller and relevant administrator to establish the annual operating budget in consideration of prior/recent year actuals and any known changes.

Department Level Budgets

Department Level budgets are based upon the template requests submitted by department budget administrators. Requests for personnel changes are compiled and considered as part of the Personnel

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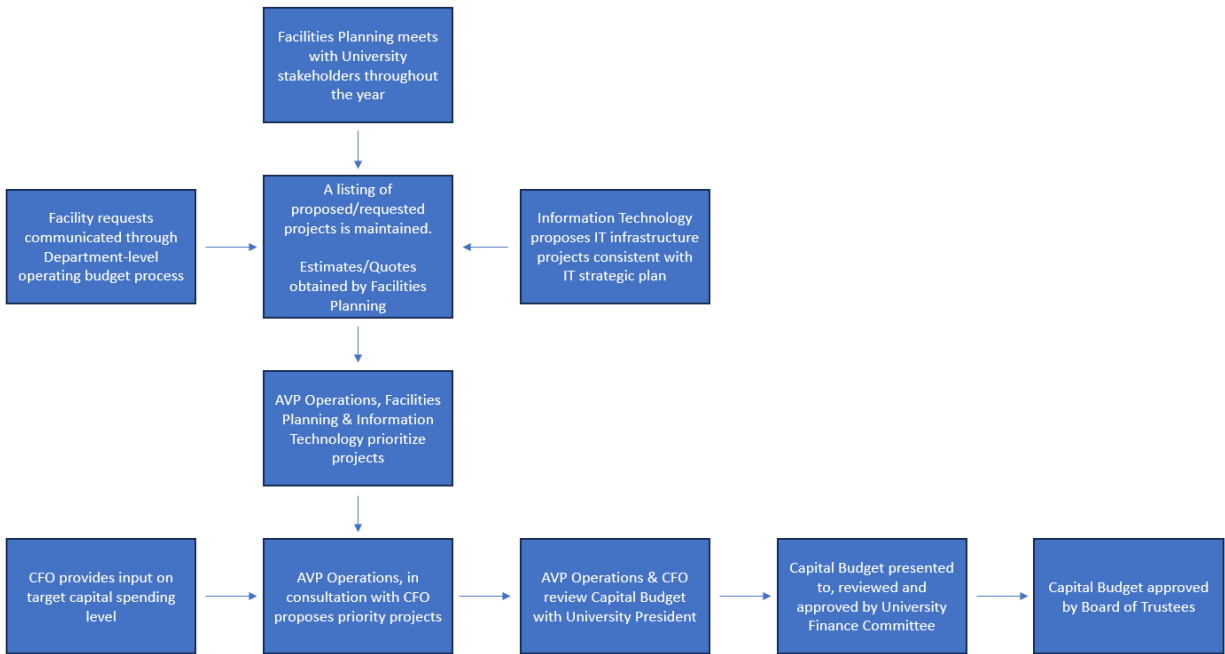
budget process (above). Facility/equipment requests are considered and, depending on nature and amount, either left in the department budget or removed and referred to the Capital Budget process.

Budget requests are evaluated by the Business Office considering (a) prior/recent year actuals, (b) justification/comments provided by the Department in the budget template, (c) alignment with University strategic planning priorities, and (d) accreditation requirements.

When needed, or significant changes from the departmental request are anticipated, budgets are discussed ad hoc between the CFO, Controller, relevant member of the President's Council and/or department budget administrator.

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FLOW CHART – CAPITAL BUDGET



3.2 – Budget Development, Management & Oversight

FLOW CHART – OPERATING BUDGET

