

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: B. Budget Policies

December 2015

1. Budget Requests

For purposes of Items 1. and 10., the College of Southern Idaho, College of Western Idaho, and North Idaho College are included.

a. Submission of Budget Requests

The Board is responsible for submission of budget request for the institutions and agencies under its governance to the executive and legislative branches of government. Only those budget requests which have been formally approved by the Board will be submitted by the office to the executive and legislative branches.

b. Direction by the Office of the State Board of Education

The preparation of all annual budget requests is to be directed by the Office of the State Board of Education which designates forms to be used in the process. The procedures for the preparation and submission of budget requests apply to operational and capital improvements budgets.

c. Preparation and Submission of Annual Budget Requests

Annual budget requests to be submitted to the Board by the institutions and agencies under Board governance are due in the Office of the State Board of Education on the date established by the Executive Director.

d. Presentation to the Board

Annual budget requests are formally presented to the designated committee by the chief executive officer of each institution or agency or his or her designee. The designated committee will review the requests and provide recommendations to the Board for Board action.

2. Budget Requests and Expenditure Authority

a. Budget requests must include projected student tuition and fee revenue based on the enrollment of the fiscal year just completed (e.g., the FY 2003 budget request, prepared in the summer of 2001, projected student tuition and fee revenue based on academic year 2001 enrollments which ended with the Spring 2001 semester).

b. Approval by the Executive Director, or his or her designee, as authorized, for all increases and decreases of spending authority caused by changes in student tuition and fee revenue is required.

c. Student tuition and fee revenue collected by an institution will not be allocated to another institution. The lump sum appropriation will not be affected by changes in student tuition and fee revenue.

3. Operating Budgets (Appropriated)

a. Availability of Appropriated Funds

- i. Funds appropriated by the legislature from the State General Fund for the operation of the institutions and agencies (exclusive of funds for construction appropriated to the Permanent Building Fund) become available at the beginning of the fiscal year following the session of the legislature during which the funds are appropriated, except when the appropriation contains an emergency clause.

b. Approval of Operating Budgets

- i. The appropriated funds operating budgets for the institutions and agencies under Board supervision are based on a fiscal year, beginning July 1 and ending on June 30 of the following year.
- ii. During the spring of each year, the chief executive officer of each institution or agency prepares an operating budget for the next fiscal year based upon guidelines adopted by the Board. Each budget is then submitted to the Board in a summary format prescribed by the Executive Director for review and formal approval before the beginning of the fiscal year.

c. Appropriation Transactions

i. Chief Executive Officer Approval

The chief executive officer of each institution, agency, office, or department is responsible for approving all appropriation transactions. Appropriation transactions include original yearly set up, object and program transfers, receipt to appropriation and non-cognizable funds.

ii. Institution Requests

Requests for appropriation transactions are submitted by the institutions to the Division of Financial Management and copies provided concurrently to the Office of the State Board of Education.

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4. Operating Budgets (Non-appropriated -- Auxiliary Enterprises)

a. Auxiliary Enterprises Defined

An auxiliary enterprise directly or indirectly provides a service to students, faculty, or staff and charges a fee related to but not necessarily equal to the cost of services. The distinguishing characteristic of most auxiliary enterprises is that they are managed essentially as self-supporting activities, whose services are provided primarily to individuals in the institutional community rather than to departments of the institution, although a portion of student fees or other support is sometimes allocated to them. Auxiliary enterprises should contribute and relate directly to the mission, goals, and objectives of the college or university. Intercollegiate athletics and student health services should be included in the category of auxiliary enterprises if the activities are essentially self-supporting.

All operating costs, including personnel, utilities, maintenance, etc., for auxiliary enterprises are to be paid out of income from fees, charges, and sales of goods or services. No state appropriated funds may be allocated to cover any portion of the operating costs. However, rental charges for uses of the facilities or services provided by auxiliary enterprises may be assessed to departments or programs supported by state-appropriated funds.

b. Operating Budgets

Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.

5. Operating Budgets (Non-appropriated -- Local Service Operations)

a. Local Service Operations Defined

Local service operations provide a specific type of service to various institutional entities and are supported by charges for such services to the user. Such a service might be purchased from commercial sources, but for reasons of convenience, cost, or control, is provided more effectively through a unit of the institution. Examples are mailing services, duplicating services, office machine maintenance, motor pools, and central stores.

b. The policies and practices used for appropriated funds are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.

c. Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.

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6. Operating Budgets (Non-appropriated -- Other)

- a. The policies and practices used for appropriated funds are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.
- b. Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.

7. Agency Funds

- a. Agency funds are assets received and held by an institution or agency, as custodian or fiscal agent for other individuals or organizations, but over which the institution or agency exercises no fiscal control.
- b. Agency funds may be expended for any legal purpose prescribed by the individual or organization depositing the funds with the institution or agency following established institutional disbursement procedures.

8. Major Capital Improvement Project -- Budget Requests

For purposes of Item 8 the community colleges (CSI, CWI and NIC) are included, except as noted in V.B.8.b.ii.

a. Definition

A major capital improvement is defined as the acquisition of an existing building, construction of a new building or an addition to an existing building, or a major renovation of an existing building. A major renovation provides for a substantial change to a building. The change may include a remodeled wing or floor of a building, or the remodeling of the majority of the building's net assignable square feet. An extensive upgrade of one (1) or more of the major building systems is generally considered to be a major renovation.

b. Preparation and Submission of Major Capital Improvement Requests

i. Permanent Building Fund Requests

Requests for approval of major capital improvement projects to be funded from the Permanent Building Fund are to be submitted to the Office of the State Board of Education on a date and in a format established by the Executive Director. Only technical revisions may be made to the request for a given fiscal year after the Board has made its recommendation for that fiscal year. Technical revisions must be made prior to November 1.

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ii. Other Requests

Requests for approval of major capital improvement projects from other fund sources are to be submitted in a format established by the Executive Director. Substantive and fiscal revisions to a requested project are resubmitted to the Board for approval. This subsection shall not apply to the community colleges.

c. Submission of Approved Major Capital Budget Requests

The Board is responsible for the submission of major capital budget requests for the institutions and agencies under this subsection to the Division of Public Works. Only those budget requests which have been formally approved by the Board will be submitted by the office to the executive and legislative branches.

9. Approval by the Board

Requests for approval of major capital improvement projects must be submitted for Board action. Major capital improvement projects, which are approved by the Board and for which funds from the Permanent Building Fund are requested, are placed in priority order prior to the submission of major capital budget requests to the Division of Public Works.

10. Occupancy Costs.

a. Definitions.

- i. "Auxiliary Enterprise" is an entity that exists to furnish goods or services to students, faculty, or staff, and that charges a fee directly related to the cost of the goods or services.
- ii. "Eligible Space" means all owner-occupied space other than auxiliary enterprise space. Space owned by an institution but leased to another entity is not eligible space. Occupancy costs for "common use" space (i.e. space which shares eligible and auxiliary enterprise space) will be prorated based on its use. When funds are used to expand, remodel, or convert existing space, the eligible space shall be limited to the new, incremental square footage of the expanded, remodeled or converted space, only.
- iii. "Gross Square Feet" (GSF) means the sum of all areas on all floors of a building included within the outside faces of its exterior walls.
- iv. "Occupancy costs" means those costs associated with occupying eligible space including custodial, utility, maintenance and other costs as outlined in the occupancy costs formula.

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- v. "Remodel" means the improvement, addition, or expansion of facilities by work performed to change the interior alignment of space or the physical characteristics of an existing facility.

- b. Notification of Eligible Space
 - i. Prior written notification must be provided to the Division of Financial Management (DFM) and the Legislative Services Office Budget and Policy Analysis Division (LSO-BPA) before an institution requests funding for occupancy costs for eligible space in a capital improvement project in which the institution acquires, builds, takes possession of, expands, remodels, or converts facility space. This written notification to DFM and LSO-BPA will be provided following final approval of the project and not later than the first business day of September for occupancy cost requests which would take effect in the subsequent fiscal year. Written notification will be by:
 - 1) the State Board of Education or its executive director for projects approved by the Board;
 - 2) the community college board of trustees for projects approved under their authority; or
 - 3) the institution's financial vice president (or functional equivalent) for projects for which, by virtue of their smaller scope, approval authority has been delegated to the institution's chief executive.

 - ii. Written notification shall include:
 - a) description of the eligible space, its intended use, and how it relates to the mission of the institution;
 - b) estimated cost of the building or facility, and source(s) of funds;
 - c) estimated occupancy costs; and
 - d) estimated date of completion.

 - iii. If an approving authority approves a project after the first business day of September, the notification and/or funding request shall be submitted the following September. If by error or oversight the approving authority fails to submit notification by the September deadline, there is a one-time, one-year grace period such that the approving authority may submit the notification as soon as possible, to be followed by a funding request not later than the first business day of the following September.

- c. Sources of Funds: Institutions may request occupancy costs regardless of the source(s) of funds used to acquire or construct eligible space.

- d. Required Information: Requests for occupancy costs shall include the following information: (i) projected date of occupancy of the eligible space; (ii) gross square

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- feet of eligible space; and (iii) number of months of the fiscal year the eligible space will be occupied (i.e. identify occupancy of eligible space for a full or partial fiscal year).
- e. Once an institution has taken occupancy of a facility, or the remodeled or expanded area of a facility, the institution shall provide verification to DFM and LSO-BPA of the gross square footage, construction costs, current replacement value, and, if applicable, current or proposed lease space.
- f. Occupancy Costs Formula
- i. Custodial: For the first 13,000 GSF and in 13,000 GSF increments thereafter, one-half (.50) custodial FTE. In addition, 10¢ per GSF may be requested for custodial supplies.
 - ii. Utility Costs: \$1.75 per GSF.
 - iii. Building Maintenance: 1.5% of the construction costs, excluding pre-construction costs (e.g. architectural/engineering fees, site work, etc.) and moveable equipment.
 - iv. Other Costs:
 - 1) 77¢ per GSF for information technology maintenance, security, general safety, and research and scientific safety;
 - 2) .0005 current replacement value for insurance; and
 - 3) .0003 current replacement value for landscape maintenance.
 - v. The formula rates may be periodically reviewed against inflation.
 - vi. Reversions:
 - 1) If eligible space which received occupancy costs is later:
 - a) razed and replaced with non-eligible space; or
 - b) converted to non-eligible space, then the institution shall revert back to the state the occupancy cost funding at the base level originally funded.
 - 2) If eligible space is razed and replaced with new eligible space, then the institution may retain the base occupancy costs, net the funded GSF against any additional GSF, and request funding for the difference.
- g. Unfunded Occupancy Costs: If occupancy costs for eligible space have been requested but not funded due to budgetary reasons, institutions may request occupancy costs again in the following year. If, however, occupancy costs are denied for non-budgetary reasons, no further requests for occupancy costs related to the space in question will be considered.

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11. Program Prioritization

- a. "Program Prioritization" is a process adopted by the Board in setting priorities and allocating resources among programs and services with a specific focus on Mission, Core Themes and Strategic Plans.
- b. Program Prioritization shall be incorporated in the colleges and universities' annual budgeting and program review process.
- c. Annual Program Prioritization updates are to be submitted to the Board by the colleges and universities on the date and in a format established by the Executive Director.