

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SYSTEMS NARRATIVE - BUDGETING
JUNE 30, 2023**

State Funds Budgeting

Decisions regarding unit allocations are integrated into the strategic planning process in which unit budget requests are reviewed along with University-wide budget priorities as developed by the Planning and Budget Advisory Council (PBAC) and approved by the President. The steps in determining unit budget allocations are:

1. PBAC, co-chaired by the Provost & Vice President for Academic Affairs and the Vice President for Administration and Finance and composed of administrators, faculty, staff, and students is convened during the spring semester. PBAC recommends a process for submitting and reviewing unit budget requests for new or expanded academic programs and for major new spending commitments. In addition, PBAC reviews the current fiscal year budget, tuition and fee levels, and strategic enhancements projects.
2. During the spring semester, units develop and submit their budget requests to their respective Vice Presidents for review. Unit requests are then forwarded to the Office of Budget and Financial Planning for consolidation and review.
3. During the spring, usually April – May, PBAC sponsors open budget hearings at which each unit presents its budget request for the forthcoming fiscal year. After those hearings, PBAC develops budget recommendations for the consideration of the University President.
4. The President, in consultation with the Cabinet, determines final budget allocations for the units and other University operations. The Office of Budget and Financial Planning is responsible for the preparation of the budget request that reflects the final decisions of the President to the Board of Trustees. The Board of Trustees is given a preliminary operating budget at the May BOT meeting and the final approval for budgets for any given year is done at the October BOT meeting. This includes the Board of Trustees approving operating and capital budget requests (from State appropriations) that are sent to the Illinois Board of Higher Education (IBHE).
5. For operation and capital budget requests (from State appropriations) - discussions are subsequently held by the Executive Director of the IBHE and IBHE staff with university officers. The IBHE staff develops questions regarding the University's request, the University responds and the IBHE staff then develops a set of preliminary recommendations and sends it to the University President for comment. After the University's comments are received, the IBHE staff makes a final recommendation to the IBHE for its approval and forwarding to the Governor of Illinois. After the University budget has been approved by the Illinois Legislature and signed by the Governor, unit allocations are sent to the Board of Trustees for

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review and approval. The University then has the spending authority upon which to operate.

Once the Board of Trustees approves a budget, the Office of Budget and Financial Planning inputs the budget information into the University's electronic system of record (Colleague). After the initial budget is input, the budget information is available through the University's myGSU portal via Self-Service Budget View. The Self-Service Budget View provides budget, expenditures and obligations to date reducing the available budget balance. In this way, the Office of Budget and Financial Planning and the responsible budget officers have current information about the budget status.

It is the responsibility of the Unit Head and budget officer (if assigned) in each unit or department to ensure that department budgets are kept in balance at all times. Unit Heads / budget officers have immediate access to budget reports (as noted above) to ensure the budget is not exceeded.

Budgets are monitored by the Office of Budget and Financial Planning (see Office of Budget and Financial Planning Expenditure Monitoring Process). Budgets are modified with coordination of the Budget Office and the unit budget officer or comparable responsible person. Budget transfers are performed to maintain the total budget equal to the originally approved budget. The Office of Budget and Financial Planning inputs the changes into the system and maintains documentation supporting the origin and destination of all transfers.

When there is a request for a purchase order, the Procurement office checks the budget to make sure there are sufficient funds to cover the expenditure before approving it. Occasionally a check of the computer system shows that a unit has a negative balance and has overspent its budget allocation. When this happens, the unit head has to find the money needed to restore the balance. Usually this is done by transferring allocations between lines within accounts in that unit, or between accounts in that unit. (See Office of Budget and Financial Planning Expenditure Monitoring Process.)

Local Funds Budgeting

The local funds use the fund balance as the available budget. Centrally collected student fees are allocated to various local fund activities. This determination is made by the Vice Presidents for Administration and Finance, Academic Affairs, Student Affairs, Enrollment Management, TAC (Technology Advisory Committee), and FAC (Facilities Advisory Committee) based on estimated revenues and needs of the activities and programs supported by student fee revenues. The allocation of these is performed by the Financial Services Office. This allocation as well as any fund balance carried forward from prior years becomes the spendable budget. Other local funds represent entrepreneurial activities and must generate their own source of revenue and may only spend based on available fund balance. Finally, local funds supported by government grants operate on an expense reimbursement basis. These funds are monitored by the Office of Financial Services in coordination with the Office of Sponsored Programs and Research.

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The Local Fund Internal Budget Request / MOU is the documentation used to establish or change the budget plan for locally funded activities that are not operated on a cash basis. The Local Fund Internal Budget Request / MOU, under normal circumstances, originates with the unit budget officer. There are, however, some exceptional cases when the document is prepared by either the Office of Budget and Financial Planning or the Office of Financial Services. Exceptions include:

- Income reduction of existing accounts which results in reduced expenditure authority.
- By agreement with unit budget officer of cash budget accounts for routine changes.
- Budget changes required at the closing of grants and other technical transactions affecting grant accounts.

After all required organizational approvals have been obtained, the request is sent to either the Office of Financial Services or the Budget and Financial Planning Office for approval.

The President's Cabinet is responsible for the approval of hiring new employees to budgeted positions throughout the University.