

SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE

Budget and Financial Reporting Subgroup

WPG #11a: Reconsider the execution of how lapsed salary dollars are recovered centrally and provide greater clarity about how these dollars support institutional priorities.

Recommendation: The current process of using the Position Control spreadsheets to calculate lapsed salary dollars has created problems when trying to sweep too many different types of categories for lapsed salary. We recommend that only lapsed salaries for vacant positions are swept from all fund groups. For the restricted fund groups, specifically Bond Revenue units and student fee units, swept salaries will remain within the designated restricted fund group and be allocated to expenditures that align with the intended general purpose. A reasonable budgeted amount or cash should also remain with the unit to provide for short-term replacements, such as vacation and sick leave payouts, overload for staff replacements, and lecturers or instructors to replace open faculty positions in the classroom.

We recommend an appeals process with dual levels of approval to evaluate, and potentially return swept dollars. The first level of approval would be the Director for University Budget and Analytics. The Budget Director would evaluate all appeals, including but not limited to, grant releases, HR/Payroll timing issues (e.g., contracts entered after a vacancy has been filled and misses the payroll cutoff date); and vacancies being filled by another rank, or type of employee (instructor, lecturers, extra help, overload/overtime, student workers, etc.). The second level of approval would be the Chancellor. The Budget Director will compile a list of monthly appeals for Chancellor approval. This is expected to improve budget accuracy, clarity and transparency for the process of sweeping lapsed salary dollars.

This revised policy will take effect January 1, 2025.

WPG #11b: Immediately, improve communication regarding swept dollars, their use, and how departments are approaching those dollars for personnel needs and/or other expenditures. Develop a report for swept dollars based on immediate needs. Update periodically as the budget sweep process remains active.

Recommendation: The University Budget Office will continue to provide monthly reports detailing lapsed salary dollars that were swept from each account. The Chancellor's Council will develop an annual list of priorities for the use of lapsed salary dollars based on strategic priorities or immediate University needs. The priorities will consider how lapsed salary dollars swept from student fee accounts and revenue bond accounts can be

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reallocated to maintain categorical fidelity to the purpose of the fund account. The Chancellor and/or Vice Chancellors will share an annual report with specific constituency groups (UPBC, Faculty and Staff Senates, Dean's Council) to promote budget transparency.

WPG #11c: Develop policies and procedures for using position control. Banner ERP system has functionality for position control, but it is not being utilized. Engage other Banner users in the SIU system, the State of Illinois, or Banner consultants to gain proficiency in using position control.

Recommendation: SIUE will continue to investigate the possibility of purchasing the Banner Finance module to utilize position control within Banner HR. This should create efficiencies by automating the position control process and reduce the amount of manual work required to update and maintain position control spreadsheets.

WPG #11d: Consider alternatives such as requiring a 10% budget cut or other means of freeing up resources, controlling spending or addressing SIUE strategic priorities.

Recommendation: After several years of budget cuts, it may be demoralizing to Vice Chancellors and Deans to endure additional large permanent budget reductions. New processes have been put in place, such as SPA, and review of large expenditures and capital projects for alignment with the Strategic Plan, to control spending. These tools have proven effective in controlling spending. Controlled spending should be utilized before more dramatic measures are taken. Spending authority is currently decentralized in a way that creates risk and accounting obscurities. SIUE will implement a centralized process for tracking and authorizing spending that will help monitor and control expenditures.

WPG #18: The budget transfer process is manual and lacks visibility for budget managers supporting various departments.

Recommendation: There is a current practice of transferring budget dollars from central funds to units on an annual basis for ongoing expenses. This process creates inefficiencies and makes it difficult to correctly forecast expenses because the funds are not included in the units' base budgets. Expenditures that can be accurately forecasted based on historical data will be included in the base budget of each unit when possible. For budget items that have variation, an adjustment will be made during the fiscal year to reconcile the amount. Revenue pass-throughs of \$650K or more will undergo a more detailed review before any additional funds are transferred. An online budget transfer form will be created to automate the process, increase efficiency, and reduce data entry errors.

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For new or expanded programs, new or increased revenue shall be transferred annually for three years. The Budget Director reserves the right to make a recommendation to the Chancellor for an adjusted duration for manual transfer. If the new program is deemed financially viable, funding will be added to the unit's base budget. If a new program is determined to be unsustainable financially after the evaluation period, the program will teach out any remaining students, the program will be eliminated, and program funding shall be returned centrally.

WPG #33. University fee analysis for self-supporting funds: Revenue bond funded operations (such as the student center) and self-supporting funds (such as university housing) rely on varying university fees and/or revenue generating structures. The 2024 budget reveals a planned deficit in the bond, self-supporting and other funds, suggesting the fees allocated to those funds should be reviewed and adjusted for possible increases.

WPG #33a: Complete analysis of university fees to identify opportunities to increase revenue generated for certain auxiliary functions such as the housing, dining, student center, parking, bookstore, etc.

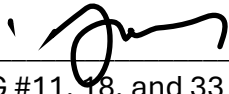
Recommendation: Reinstitute the annual Fee Review process. The fee units—revenue bond funded operations and self-supporting funds rely largely on student fees to support operations. The budgets for these departments also directly absorb the financial impact from lower enrollment and credit-hour production, as well as being responsible for covering the costs of salary increases for staff in those areas.

The Fee Review process involves a multi-year financial projection developed by all mandatory fee units. This process enables Directors to identify potential structural imbalances within their areas and provides sufficient time to plan and implement necessary operational changes. The projections will include various scenarios, consider potential rate increases, and assess the impact of each proposed change. The goal is to encourage units to find efficiencies that minimize fee increases and reduce the financial burden on students.

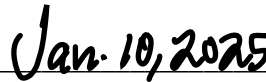
In the second phase of the fee review, Vice Chancellors will have the opportunity to propose rate increases or adjust fees within their areas of responsibility by reallocating fee revenue to areas of highest needs. These projections and fee proposals will undergo a thorough review by both Financial Affairs/University Budget Office and Student Affairs in conjunction with Student Government as required by the Board of Trustees of SIU policy 4A5. The Chancellor's Council, led by the University Budget Office, will conduct an annual fee review, during which fee proposals will be evaluated. The Chancellor's Council will then determine whether an overall fee increase is recommended for consideration.

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The revenue bond funded operations also undergo a thorough financial review on a routine cycle. These “bond model updates” are developed jointly between Financial Affairs and the respective unit director. The projections are prepared through the life of the bonds, to ensure that the bond obligations can be met. These models are also reviewed by the Treasurer’s Office for the SIU System. Ultimately, revenue bond funded units need to be able to show that user charges are sufficient to maintain the assets of the system and that the bond obligations will be satisfied.



WPG #11, 18, and 33
Approved, Chancellor Minor



Date