

**SOP- POSITION BUDGETING****SOP ID: L I U - F - B - 1 0 0 3****POLICY TYPE: F I N A N C E****RESPONSIBLE OFFICIAL TITLE: VP FINANCE & TREASURER****RESPONSIBLE OFFICE: B U D G E T O F F I C E****I. STANDARD OPERATING PROCEDURE****1. Purpose**

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Each year, the Budget Office develops the LIU enterprise wide General Fund budget for the upcoming academic & fiscal year, which is subject to approval of the BOT. Once approved, this budget is communicated to all key constituents, and forms the basis of guiding & evaluating financial activities for the upcoming academic & fiscal year.

The University's comprehensive planning and position budgeting processes ensure that resources are adequate to support academic and administrative operations and are aligned with each other by first ensuring that they align with the LIU Mission, the LIU Strategic Plan, the LIU Master Plan, and the LIU Bylaws. The University has comprehensive planning processes, resources, and structures that are aligned to ensure sufficient resources necessary to fulfill LIU's mission and goals. The University's integrated planning and budgeting infrastructure ensures that all University constituencies collaborate toward this shared objective in both a "top-down" and "bottom-up" manner.

**2. Scope**

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The scope of this SOP is the General Fund position/personnel budgeting process as performed by the Budget Office within the Finance Division.

To provide transparency and visibility into this key area, the intended audience of this SOP is all LIU students, faculty and staff members.

**3. Prerequisites**

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The following list of prerequisites should **not** be considered all-encompassing

- Current LIU strategic plan document.
- Board approved LIU enterprise wide General Fund budget.
- Fringe benefit estimates

Current versions of the following documents:

- Personnel roster containing salaries
- Reports containing the following information by department and account:
  - Original budget
  - Revised/current budget

- Fiscal year to date actual expenditures

#### 4. **Responsibilities**

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The following personnel play key roles in execution of this SOP:

- Finance Division Key Constituents
  - **VP of Finance**-Overall executive sponsor; guides the personnel/ position budgeting process; interfaces with senior leadership to ensure key priorities via personnel adjustments requested are reflected in the budget.
  - **Finance AVP/ Budget Director & Budget Office**-Overall process owner & manager; monitoring of all actual financial activity vs. approved budgets; reporting of budget status to key stakeholders; identification & escalation of budget issues; vetting & approval of all personnel adjustment/new position/position replacement requests from other key stakeholders; validation the budget system (Currently **Peoplesoft Finance**) accurately reflects any approved adjustments and/or positions.
- Other Key Constituents
  - **President's Office**-Overall input as to personnel adjustment/new position/position replacement requests.
  - **Division heads/Vice Presidents** -Submit personnel adjustment/new position/position replacement requests for their respective areas; adjust/revise requests based on feedback from the Budget Office, senior leadership, and faculty.
  - **VP's of Academic Affairs** -Provide direction and input regarding all academic related aspects of the budget.

#### 5. **Procedure**

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Overall, the personnel/position budgeting process occurs continuously throughout the year.

For each fiscal year, this process begins following approval of the budget by the B&F Committee and the full Board of Trustees, and the budget system is updated to reflect the approved budget, as further documented in SOP LIU F-B-1001:Budget Development.

Overall activities related to position budgeting are further documented in SOP LIU F-B-1002: Position Budgeting.

All activities listed below are performed by the Budget Office, unless otherwise specified.

**Note:** Assessment/determination of the adequacy/appropriate level of compensation for individual positions is performed solely by LIU Human Resources.

#### **Budget review & monitoring**

- After the budget has been approved, Budget reports containing the approved board budget are provided to Division Heads/Vice Presidents/Business Unit Owners for their respective areas.

- These constituents have discretion to request personnel adjustment/new position/position replacement requests within their areas, based on changes in facts & circumstances from their initial budget proposals and reviews.
- Beginning at the start of the new fiscal year and continuing throughout the entire fiscal year, divisional, departmental, and other budget reports (containing budgeted and actual activity) are provided automatically by the budget reporting system (Currently **Crystal Reports**) on a regular basis.
  - Report creation and distribution is managed by the Finance Division in conjunction with IT.
  - Constituents may also contact the Budget Office to obtain a roster of active faculty/staff as well as budgeted, unfilled/unoccupied (“open”) positions.
- On a regular basis, the Budget Office performs its’ own budget reviews, activity monitoring, and creation of personnel expense projections for the entire fiscal year.
  - Throughout the year, the Budget Office will contact appropriate constituents to request additional information and/or projections through the end of the fiscal year.

### **Personnel adjustment/new position/position replacement requests**

- All budget adjustments/revisions occur at the individual department and general ledger account level, unless otherwise specified.
- These revisions, once approved by the Budget Office, will be processed and be reflected throughout the year as the “revised budget”.
- To maintain the board approved budget, **all** personnel adjustment/new position/position replacement requests must be overall monetarily **neutral** in nature (i.e. Requesting a new position for a department requires identifying a budgeted but unfilled position in another department to be closed, at approximately the same salary).
  - The number of positions may be changed/adjusted, as long as the total monetary impact is neutral.
- At any time during the fiscal year, Division Heads/Vice Presidents/Business Unit Owners may submit personnel adjustment/new position/position replacement requests to the Budget Office. Such requests should contain:
  - Affected departments.
  - Adjustments to existing personnel.
  - New positions to be created.
  - Offsetting open positions to be closed/funding source.
  - Amounts.
  - Rationale for the request.
  - The request should also be for departments within the requestor’s areas of responsibility/management.

### **Request approval**

- Only VP’s or Division Heads may submit personnel adjustment/new position/position replacement requests to the Budget Office.

- All such requests must also be approved by HR prior to Budget Office review & processing.
- Any request that will increase a personnel budget without an offsetting reduction requires approval by VP of Finance & CFO, regardless of amount.
- Additionally, for new positions and position replacements (activities that will result in hiring a new individual to LIU), the Budget Office will perform the following approvals:
  - Prior to initially posting the position on public-facing job announcement/opening websites and invite candidates to submit applications.
  - Prior to formally extending an offer of employment to an approved candidate.

### **Request approval & processing**

- As described above, the Budget Office will review the request for validity, funding/budget availability, and appropriate approvals before processing.
- The Budget Office and/or VP of Finance, at its' discretion, may also initiate budget revisions.
- After all appropriate approvals have been received, the Budget Office will enter the approved budget revision into the budget system, and retain appropriate supporting documentation.

### **Grouped ("pooled") personnel budgets**

- For certain types of variable/hourly compensation, the Budget Office may maintain budgets at the campus level.
- The Budget Office is responsible for managing these budgets any may contact appropriate constituents as needed.

### **Fringe benefits**

- Fringe benefits (also referred to as Long Island University Benefit Plan) are budgeted and charged to each department as a percentage of direct compensation (Salary, stipend, variable). The percentage used varies based on the type of direct compensation/level of fringe benefits offered (e.g. Full-time faculty & staff are assigned a higher percentage vs. part-time/hourly staff).
- These percentages are set at the beginning of the fiscal year based upon an initial estimate/prior year actual fringe benefit expense.
- After the end of the fiscal year, during the year-end financial records closing process, a final adjustment ("true-up") to actual fringe expense charged to each department is performed, based upon the total fringe benefit expense incurred by LIU during the fiscal year.

## 6. *References*

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- LIU policies & procedures.
- NACUBO accounting guidelines.

## 7. *Definitions*

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B&F Committee-Budget & Finance Committee of the Board of Trustees.

BOT-Full Board of Trustees.

CBA-Collective Bargaining Agreement.

Fringe benefit-Supplemental benefit's provided to LIU faculty and staff beyond direct compensation (Salary, stipend, variable), such as (but not limited to) medical, retirement, and other ancillary benefits.

NACUBO-National Association of College and University Business Officers. NACUBO promulgates common financial standards & practices widely used by higher education institutions.

HR-Human Resources.

LIU-Long Island University or the University.

Position Budgeting definitions:

- Personnel adjustment-For a current, in-place LIU faculty/staff member
  - Transferring to a different department
  - Salary and/or hourly rate changes
    - Promotion/demotion
    - Merit increases
    - Contractual or CBA increases
  - Title/position/job responsibility changes
  - Change in salary split between multiple departments and/or grants and general fund
- New position-Creation of a new role and related set of responsibilities, which did not previously exist.
- Position replacement-Preserving an existing role and related set of responsibilities, to be filled with a new occupant.
- Open position-A budgeted yet unfilled/unoccupied position.
- Closed position-A previously occupied position that, once vacated, the constituents have determined is no longer relevant and/or critical to LIU operations, and/or the job responsibilities can be covered by other positions.

SOP- Standard Operating Procedure.

VP-Vice President.

VP-Vice President of Academic Affairs.

SVP-Senior Vice President of Academic Affairs.