

Rensselaer Polytechnic Institute

Operating & Capital Budget Guidelines

Effective July 1, 2001

Updated October 2004

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 Updated May 2004

Operating Budget Guidelines

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Performance and Activity Based Budgeting **Operating Budget Guidelines**

Beginning with fiscal year 2001, Rensselaer adopted an integrated performance plan process that concludes with resource allocation decisions. These decisions are made based upon Presidential review of activities identified in a portfolio owners' performance plan and the outcome associated with that activity in relation to the Rensselaer Plan. The financial investment as an outcome of this process is substantial and does require a withdrawal from the endowment that was approved by the Board of Trustees.

With integrated planning, substantial investment, and a period of projected rapid growth, changes in financial reporting and monitoring are required. This document outlines the operating budget policies and processes to meet those requirements as well as reinforce the principles and practice of integrated planning. These policies are effective July 1, 2001, as updated October 2004.

Line Item Budgetary Accountability

Unrestricted operating budgets (education and general, auxiliary, designated) are approved by the line item categories as indicated in your annual budget allocation communication. Restricted budgets are subject to the policies and instructions of the sponsor or donor. Start up funds governed by the hiring agreement. Constellation funds are subject to the hiring agreement and the Constellation Policy.

- "Recurring line item" categories are:
 - tenured faculty compensation (salary and benefits, exclusive of start up), all other faculty compensation (salary and benefits), continuing staff compensation (salary and benefits)

- "Non recurring line" item categories are:
 - faculty start up, graduate financial aid, non-salary (including student wages, temporary employment and approved transfers such as cost sharing and seed funding)

Substitution spending among line item categories requires approvals based on the nature and the dollar level of the substitution. The dollar level of the substitution represents annual aggregate amounts. Approved substitution spending is for the current fiscal year and is not incorporated into a portfolio's base budget (starting point of the subsequent year budget process) unless specified in the approval.

Outlined below are the approvals required for substitutions:

The Vacant Tenured Faculty Policy outlines the use of these dollars. (Exhibit A is the Vacant Tenured Faculty Policy)

Substitutions within categories are allowed.

Substitutions between categories are allowed subject to the following guidelines:
(Exhibit F Operating Budget Change Request (OCR) Form should be used to obtain approvals)

- Substitution from a nonrecurring category (all except continuing compensation) to a recurring (continuing compensation) would require the approval of the Portfolio Owner (Dean and the Provost or Vice President), the Budget Director, Vice President for Finance and the President.
- Substitution from start up budgets or graduate financial aid budgets to another category would require the approval of the Portfolio Owner (Dean and the Provost or Vice President), the Budget Director, Vice President for Finance and the President.
- Substitution between the nonrecurring categories of cost sharing and seed funding involving changes of:
 - Up to \$25,000 would require the approval of the Dean, Director, or Chairperson and Portfolio Owner (Dean, Provost or Vice President).
 - \$25,001 to \$50,000 would require the approval of the Portfolio Owner (Dean and the Provost or Vice President), and the Budget Director.
 - \$50,001 to \$75,000 would require the approval of the Portfolio Owner (Dean and the Provost or Vice President), the Budget Director and the Vice President for Finance.
 - \$75,001 and above would require the approval of the Portfolio Owner (Dean and the Provost or Vice President), Budget Director, Vice President for Finance, and the President.
- Substitution from a recurring to a nonrecurring category (i.e. breakage from vacancies except for tenured faculty lines which are subject to the Vacant Tenured Faculty Policy) involving changes of:
 - Up to \$25,000 would require the approval of the Dean, Director, or Chairperson and Portfolio Owner (Dean, Provost or Vice President).
 - \$25,001 to \$50,000 would require the approval of the Portfolio Owner (Dean and the Provost or Vice President), and the Budget Director.

- \$50,001 to \$75,000 would require the approval of the Portfolio Owner (Dean and the Provost or Vice President), the Budget Director and the Vice President for Finance.
- \$75,001 and above would require the approval of the Portfolio Owner (Dean and the Provost or Vice President), Budget Director, Vice President for Finance, and the President.

Once approved, the OCR or Operating Budget Change Request Form will be forwarded to the originating portfolio. Rejected OCR forms will be returned to the portfolio with an explanation, including possible alternative approaches to address the request.

Operating vs. Capital Budgets

Portfolio Owners were approved for an operating budget and a capital budget separately. Substitution spending between the operating and capital budgets requires approval, and the net effect must be zero, e.g. increases in operating spending must be offset by decreases in capital spending. All such shifts, regardless of value, must be evaluated against the priorities of the portfolio's performance plan and more broadly against *The Rensselaer Plan*. The process to consider reallocation of dollars in this way will utilize the Capital-Operating Budget Reallocation (COR) request form (Exhibit B) with the following approvals required:

- Substitution spending from a nonrecurring capital budget to an operating *recurring line* (compensation) would require the approval of the Portfolio Owner (Dean and the Provost or Vice President), the Budget Director, the Vice President for Administration, the Vice President for Finance, and the President. Proposed substitution spending valued at \$1 million and above would also require the approval of the Board of Trustees.
- Substitution between a nonrecurring capital line and an operating *nonrecurring line* involving changes of:
 - \$50,001 to \$75,000 would require the approval of the Portfolio Owner (Dean and the Provost or Vice President), the Budget Director, the Vice President for Administration and Vice President for Finance.
 - \$75,001 and above but less than \$1,000,000 require the approval of the Portfolio Owner (Dean and the Provost or Vice President), Budget Director, the Vice President for Administration, Vice President for Finance, and the President.
 - \$1,000,000 and above would require the approval of the portfolio Owner (Dean and Provost or Vice President), Budget Director, Vice

President for Administration, Vice President for Finance, the President, and the Board of Trustees.

Once approved, the COR or Capital-Operating Budget Reallocation Request Form will be forwarded to the originating portfolio. Rejected COR forms will be returned to the portfolio with an explanation, including possible alternative approaches to address the request.

Position Control

Spending by Portfolio Owners has been approved only for the positions supporting the salary line in the budget allocation communication. New positions and promotions not identified during the budget process need to be approved.

Organizational changes that do not have budgetary impact are subject to Human Resource policies and are not addressed here.

Attached is a flow chart detailing the hiring process (Exhibit C). As the steps of the chart indicate, prior to a search a position has to be approved either as a result of a vacancy (position replacement, tenured faculty lines subject to the Vacant Tenured Faculty Policy), the budget process or in the interim through new position approval.

New positions require the approval of the Portfolio Owner (Dean and the Provost or Vice President) the Budget Director and Vice President for Finance for funding validation purposes, Human Resources for job responsibility, title and salary range validation, and the President. Requests should be made using the Position Approval Form (Exhibit D PAF).

Once approved, the PAF or Position Approval Form will be forwarded to Human Resources for processing. Rejected PAF forms will be returned to the portfolio with an explanation, including possible alternative approaches to address the request.

Promotions would need approval subject to the line item accountability rules detailed above (for funding validation) and reporting lines as follows:

- Direct reports to a Chairperson or Director require Portfolio Owner approval (Dean, Provost, or Vice President), the Budget Director for funding validation purposes, Human Resources for job responsibility, title and salary range validation.
- Direct reports to a Dean require Provost approval, the Budget Director for funding validation purposes, and Human Resources for job responsibility, title and salary range validation.
- Direct reports to a Cabinet Member require Portfolio Owner (Provost or Vice President), the Budget Director for funding validation purposes,

Human Resources for job responsibility, title and salary range validation, and the President.

A formal request needs to be made to Human Resources to initiate the process.

Designated Funds, Carryovers, and Encumbered Funds

Designated or reserve funds will only be established for the following purposes and subject to time limits as stipulated below:

- Research Incentive funds are subject to the guidelines and funding allocations of the Incentive policy. (Exhibit E) No other fund transfer into these funds will be done without prior approval from the Provost. No time limit.
- Faculty Start up funds and constellation funds are subject to what has been approved in the budget process and subsequently approved in the hiring process. Start up funding not used within four full fiscal years from the date the fund is established will revert back to the Institute. Existing faculty start up funds (funds established prior to fiscal year 2002) that have any remaining funding in four fiscal years (July 1, 2005) revert back to the Institute. Constellation funds are governed by the Constellation policies and agreements.
- Purpose approved by the President during the annual budget process. Funding not used during the relevant budget year reverts back to the Institute. A one-year extension can be requested and approved during the subsequent annual budget process. Extensions can be granted as often as deemed necessary by the President.
- Board Approved funds, i.e., Bequests waiting for Committee determination.

Carryover of a current year budget surplus into a reserve fund will not be allowed unless the surplus was projected, identified and approved for use in the subsequent fiscal year during the relevant budget process.

The process to encumber budget funds on unrestricted accounts (accounts which have only annual budgets) is discontinued.

Forecast Process and Request for an Increase to a Portfolio's Current Year Budget Allocation

Three times during the fiscal year, a full funds forecast will be requested from each portfolio. These forecast periods also represent planned opportunities to request approval for a modification or increase to a portfolio's current year budget allocation (Operating Budget Change Request - Exhibit F (OCR)). A request for an overall increase in a Portfolio's budget allocation requires Presidential approval. All modifications, regardless of value, must be evaluated against the priorities of the portfolio's performance plan and more broadly against *The Rensselaer Plan*. Below are the periods of time:

- October First Quarter – Official forecast used in Management Reporting and another opportunity to request a modification to a portfolio's current year budget allocation. A detailed full funds response is required from each portfolio. Exhibit G is the format to be used for the forecast; Exhibit F is to be used to obtain the approvals.
- January Second Quarter – Official forecast and projection to be used as the foundation for the subsequent year budget request and again another opportunity to request a modification to a portfolio's current year budget allocation. A detailed full funds response is required from each portfolio. Exhibit G is the format to be used for the forecast; Exhibit F is to be used to obtain the approvals.
- April Third Quarter - Official forecast used in Management Reporting and another opportunity to request a modification to a portfolio's current year budget allocation. A detailed full funds response is required from each portfolio. Exhibit G is the format to be used for the forecast; Exhibit F is to be used to obtain the approvals.

Exhibit G, the format referenced is a forecast format that is full funds for each budgetary unit or department by line item by the activities (programs) within the priorities (activities) identified in a portfolio's performance plan. Each forecast should be accompanied by a one-page variance report explaining the variances within the portfolio. A projected over expenditure for the whole portfolio needs to be accompanied by the variance report and a plan to minimize spending in the portfolio or an Operating Budget Change Request (Exhibit F OCR). An Operating Budget Change Request where an overall increase to a budget allocation is being requested, may be approved as a one-year resource need (current year forecast variance) or as a permanent budget increase (modification to the budget, not a variance). The President will make this determination. A consolidated portfolio forecast needs to be reviewed and approved by the owner and submitted to the Budget Office. Academic portfolios need to submit to both the Provost and Budget Offices.

An Operating Budget Change Request (Exhibit F OCR) may be made at any time during the year (outside of the forecast process). The request needs to be made by the Portfolio Owner, submitted for approval to the Provost Office for Academic areas and submitted to the Finance Division for approval, and then if required as outlined by these guidelines, forwarded to the President for final approval. The Portfolio Owner is responsible to transport the request through the process. However, if the request is made as part of the forecast process the Budget Office will forward. For any request, the President may ask for an interview with the Portfolio Owner for further discussion.

Once approved, the OCR or Operating Budget Change Request Form will be forwarded to the originating portfolio. Rejected OCR forms will be returned to the portfolio with an explanation, including possible alternative approaches to address the request.

Capital Budget Guidelines

Concurrent with the development of performance plans to execute the strategies outlined in the Rensselaer Plan, a new budgeting process was implemented that links Plan strategy with specific portfolio actions on a prioritized basis. For capital budgeting, this effectively modified, and in some cases made obsolete, the previous capital appropriation process. With the advent of this comprehensive capital budget and plan, the approvals required by the previous process became redundant.

For the 2001-02 capital budget and beyond, “capital expenditures” are defined as the construction, renovation, purchase or lease of an asset (facilities, equipment, software) that costs \$50,000 or greater and has an expected useful life of at least one year. This includes major capital equipment costing \$50,000 or more. These are the items that are included in the approved capital budget and plan.

Project Approval, Flexibility and Change Process

Beginning with FY2002, the Appropriations Request (AR) process was discontinued. No additional authorization is required for capital expenditures totaling less than \$1 million that were approved as part of the annual capital budget approved by the Board of Trustees, so long as the approved project purpose, funding source, and amount remain unchanged.

Capital Project Flexibility

In recognition of the fact that project costs do change as estimates are updated or conditions change, substitutions between projects funded *within* a specific capital program pool, or between project line items within a portfolio, will be authorized under the conditions listed below, so long as the substitution does not affect the overall level of the project pool or portfolio’s overall capital budget allocation (e.g. increases to one project would have to be offset by a reduction of at least equal value to another project within the project pool or portfolio allocation).

While the approval threshold for proposed substitutions is keyed to each substitution occurrence, the Finance Division will monitor the frequency of such substitutions to identify excessive use of this flexibility. Based on this review, a portfolio’s ability to continue to substitute may be suspended until a justification for all modifications is provided. All such substitutions, regardless of value, will be evaluated against the priorities of the portfolio’s performance plan and more broadly against *The Rensselaer Plan*.

The process to consider substitutions within a master capital program pool of funding (e.g. a program pool containing multiple projects – there are two program pools approved for FY2005: Administration Division for safety and deferred maintenance projects and Academic units for government or corporate research funded projects) will utilize either the Capital Budget Program Pool Change (CPPC) request form (attached as Exhibit H), or the Capital Expenditure Request Form (CER) (attached as Exhibit J)

and would require the approval of or notification to the following individuals as described below:

Administration Division Pool:

- Up to \$50,000, but no more than 50% of the approved project cost, would require approval of the Dean, Director or Chairperson, with notification to the Budget Director (through transmittal of a copy of the approved CPPC form).
- \$50,001 to \$99,999, or more than 50% of the approved project cost, would require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Vice President for Administration, and the Budget Director.
- \$100,000 to \$149,999 would require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Budget Director, the Vice President for Administration, and the Vice President for Finance.
- \$150,000 and above but less than \$1,000,000 would require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Budget Director, the Vice President for Administration, the Vice President for Finance, and the President.
- \$1,000,000 and above would require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Budget Director, the Vice President for Administration, the Vice President for Finance, the President, and the Board of Trustees.

For Academic units, for Government or Corporate Research funded projects:

An estimated pool of funding amount is created by portfolio at the budget development time, by each project or equipment purchase anticipated to occur during the fiscal year being budgeted. Changes to this list are anticipated as contracts evolve and change, or new ones are developed. For each new project or equipment purchase not identified during the budget process, the following approvals utilizing the Capital Expenditure Request Form (CER Exhibit J) are required:

- Any new project or equipment purchase that is fully funded by the contract (no cost sharing or renovation, installation costs) would require the approval of the Dean, Director or Chairperson, the Vice President for Administration, and the Budget Director.
- Any new project or equipment purchase that has cost sharing or renovation, installation costs to be funded by the Institute, would require the approval of the Dean, Director or Chairperson, the Provost, the Vice President for Administration,

the Budget Director, the Vice President for Finance and the President. Renovation or installation costs of \$1,000,000 and above would additionally require the approval Board of Trustees.

Once approved, the CPPC form (Exhibit H) or CER form (Exhibit J) will be forwarded to the originating portfolio and then to the Administration Division or Academic Area for processing, as appropriate. Rejected CPPC forms or CER forms will be returned to the portfolio with an explanation, including possible alternative approaches to address the request.

In addition, substitutions between capital expenditure lines within a portfolio will also be authorized under the conditions listed below, so long as the transfer does not impact the overall level of the portfolio's combined operating and capital budget allocations.

The process to consider shifts between capital expenditure lines within a portfolio will utilize the Capital Budget Interchange (CBI) request form (Exhibit I), and would require the approval of the following individuals based on the size of the proposed substitution:

- Up to \$50,000, but no more than 50% of the approved project cost, would require the approval of the Dean, Director or Chairperson, with notification to the Budget Director.
- \$50,001 to \$99,999, or more than 50% of the approved project cost, would require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Vice President for Administration, and the Budget Director.
- \$100,000 to \$149,999 would require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Budget Director, the Vice President for Administration, and Vice President for Finance.
- \$150,000 and above but less than \$1,000,000 would require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Budget Director, the Vice President for Administration, the Vice President for Finance, and the President.
- \$1,000,000 and above would require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Budget Director, the Vice President for Administration, the Vice President for Finance, the President, and the Board of Trustees.

Once approved, the CBI form (Exhibit I) will be forwarded to the originating portfolio and then to the Administration Division for processing, as necessary. Rejected

CBI forms will be returned to the portfolio with an explanation, including possible alternative approaches to address the request.

Capital Project Changes

Proposed changes to previously approved capital projects that would alter the project purpose, funding source, or increase the portfolio's overall approved capital budget allocation (e.g. cannot be accommodated through a project pool change or substitution within the portfolio) must first be authorized through the submittal of a Capital Budget Expenditure (CER) request form (attached as Exhibit J).

Specifically, requests involving *changes* of:

- Up to \$50,000 would require the approval of the Dean, Director or Chairperson and the Budget Director.
- \$50,001 to \$99,999 would require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Vice President for Administration, and the Budget Director.
- \$100,000 to \$149,999 would require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Budget Director, the Vice President for Administration, and the Vice President for Finance.
- \$150,000 and above but less than \$1,000,000 would require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Budget Director, the Vice President for Administration, the Vice President for Finance, and the President.
- \$1,000,000 and above would require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Budget Director, the Vice President for Administration, the Vice President for Finance, the President, and the Board of Trustees.

All such changes, regardless of value, will be evaluated against the priorities of the portfolio's performance plan and more broadly against *The Rensselaer Plan*. Once approved, the CER form (Exhibit J) will be forwarded to the originating portfolio and then to the Administration Division for processing. Rejected CER forms will be returned to the portfolio with an explanation, including possible alternative approaches to address the request.

Unbudgeted Capital Expenditures

The capital expenditure levels approved as part of the annual capital budget are designed to achieve the outcomes identified in portfolio performance plans. Capital expenditure amounts are approved for the dollar amounts identified by project, *with no other capital expenditures approved*. **Therefore, approval must be obtained prior to**

proceeding with capital expenditures that were not approved as part of the annual capital budget.

Portfolios seeking approval for capital expenditures that were not part of the annual comprehensive capital budget will need to submit a CER form (Exhibit J). All such requests, regardless of the funding level (e.g. \$50,000 and above), will require the approval of the Dean, Director or Chairperson, the portfolio Vice President or Provost, the Budget Director, the Vice President for Administration, the Vice President for Finance, and the President. The Board of Trustees' approval will also be required for CER's valued at \$1 million and above.

Such requests must also include the following information, which should be attached to the CER form (Exhibit J):

- The proposed purpose, amount, funding source (reserves, grants, sponsored research, endowment, or operating funds), and outyear impact if a multi-year project;
- The timeframe for the capital expenditure, including the proposed end date of the project if construction or renovation, in-service date for major capital equipment acquisition, and lease commencement date and term for capital leases;
- A statement of how the project relates to the strategic goals of the portfolio's performance plan and *The Rensselaer Plan*;
- Regarding equipment purchases, the role the acquisition has on educational programs; and
- An assessment, to be made in conjunction with the Administration Division, relative to space requirements for the equipment and any ongoing maintenance and operating support required (e.g. technical support costs, utilities, etc.).

Commitments and Spending

Once the Board of Trustees approves the annual capital budget, portfolios are authorized, where necessary, to begin to make commitments immediately through contracts or purchase orders on all approved capital projects, *so long as the term of service or expenditures begin on or after July 1st of the succeeding fiscal year.*

This ability to make commitments for projects is especially important for capital activity that is weather or school year-dependent, and thus must be accomplished over a shorter construction period. However, unless specifically authorized by the President or in the budget resolution adopted by the Board of Trustees, no actual capital expenditures can commence prior to the beginning of the fiscal year for which they have been approved.

In order to establish the appropriate plant fund, as appropriate, to authorize such commitments, portfolios with approved capital expenditures as part of the capital budget must verify their approved funding sources with the Administration Division and the Finance Division prior to the establishment of a plant fund for the project. All funding sources must be cited in the establishment of the plant fund for the project using the Capital Project Plant Fund Create form (Exhibit K). These forms should also include the appropriate *Rensselaer Plan* program and activity codes for the project.

All other capital expenditure funding sources, including gifts, grants, debt, and reserves, along with the appropriate *Rensselaer Plan* program and activity codes, should be specifically identified by fund by the portfolio owner on the fund create form prior to the establishment by the Finance Division of a plant fund for the project.

Capital Projects Below \$50,000

Construction, renovation or capital equipment purchases and leases *costing less than \$50,000* are to be funded out of individual portfolio operating budgets within the line items allocated for these purposes (“Supplies & Services” and “Equipment”) **or** out of unallocated fund balances (e.g. Faculty start-up). The approval process for these items will be consistent with those in place for all other operating budget allocations, with the amount of approved and unencumbered funds in the budget line items or unallocated fund balances controlling the expenditure of funds.

Requests for equipment acquisitions costing less than \$50,000 will be generated as in the past through a requisition order to the Purchasing Department. The requisition will need to cite the operating budget “Equipment” line item **or** the unallocated fund balance that is being utilized for the acquisition. Once approved, a purchase order will be generated, with the process moving forward as in the past.

Renovations and capital leases costing less than \$50,000 (e.g. multi-year leases whose annual cost is less than \$50,000) are to be funded through the portfolio’s “Supplies and Services” line item. Prior to the establishment of a plant fund for renovation projects (assuming it can be capitalized for accounting purposes) and the transfer of operating dollars into the plant fund, portfolios will need to cite the operating budget funding source. This information is to be provided on the Financial Transaction Request form (Exhibit L) and the Capital Project Plant Fund Create form (Exhibit K) that is to be submitted to the Finance Division for plant fund processing and funding allocation.

The determining factor regarding whether the project moves forward will again be the availability of approved and unencumbered funds in the line item, and the ability of the Administration Division to incorporate the project into its construction and renovation schedule. For this reason, it is critical that renovation project requests be submitted with as much lead time as possible so as to increase the likelihood that the project can be accommodated in the fiscal year and timeframe requested.

Project Timelines & Cash Flow

Capital expenditure cash flow projections are prepared jointly on a quarterly basis by the Administration and Finance Divisions in order to effectively manage the comprehensive capital budget. This cash flow activity will be monitored consistently, *with progress updates to be included in the quarterly budget forecasting process*. This process is vitally important in determining the best financing options available to fund the capital budget, as well as to assist the Administration Division in planning the deployment of resources for capital purposes. It also assists in the tracking of financial outcomes that will be measured as part of the performance planning monitoring system.

As such, it is important for portfolios to expedite requests from the Administration and Finance Divisions for quarterly updates to their capital expenditure activities. As part of these cash flow projections, each portfolio owner that was approved for capital expenditures is expected to provide to the Administration Division an estimate of the requested *end date* for each project to enable the Division to develop a timeline for all projects and resolve where potential conflicts exist.

Project/Year-end Closeout

Upon completion of approved capital projects, any savings from budgeted amounts will be transferred to the President's Capital Contingency Fund for possible reallocation at a later date. The exceptions to this involve capital projects that have been funded from a restricted source (research, gift, endowment) or current year portfolio unrestricted operating funds. For a restricted source, any savings will be transferred back to the source. For unrestricted operating funds, any savings from budgeted amounts will be transferred back to the operating fund of origin **ONLY** if the original transfer occurred during the current fiscal year. The policies regarding unexpended operating funds and fiscal year end will still apply to such transferred funds. All other savings from operating funded capital projects are to be transferred to the President's Capital Contingency Fund. In addition, any budgeted unrestricted operating capital funds not in a project plant fund account on June 30th will also be transferred to the President's Capital Contingency Fund.

Current year capital funds residing in research, designated, restricted, or plant fund accounts, whether encumbered or not, will roll to the next fiscal year so long as it is clear that the project is still in progress with specific timelines and projected outcomes in place. The Finance Division, in conjunction with the Administration Division and the affected portfolio, will assess each plant fund at fiscal year-end to determine the magnitude of the rollover for each project still in progress.

Internal Loans

In the past, internal loans from available cash resources have typically been granted on a project-by-project basis outside of a comprehensive planning process. However, the newly developed comprehensive nature of the annual capital budget has made internal loans at the portfolio level essentially unnecessary. All existing internal loans will remain in effect until maturity, unless paid down in advance from portfolio

operating budget allocations. Those portfolios seeking an early pay down of an internal loan should contact the Finance Division for current pay off information.