neither is any longer supported from Incidental Fees and both are removed from the Auxiliary Activity classification.

Incidental Fee support is given only to the three broad designations above, again in keeping with long-standing Board practice and specification. For example, there is no Incidental Fee support of such undertakings as the car pool, printing, food service, parking, etc. Those activities and services which do not receive Incidental Fee support are required to be self-supporting from the income which they generate from their services.

**PSU's Basic Budgeting Procedures**

Preparation of expense budgets for Auxiliary Activities which are supported by Incidental Fee allocations, whether or not they are supported in whole or in part, follows the same steps as followed in all budget preparation throughout the Institution. It is well to understand the basics of this procedure and the philosophy underlying it.

The starting point of budget preparation -- and of budget control -- at PSU is the designated Department Head. He is provided an Institutional Budget Calendar and, more important, the Institutional Budget Guidelines for the period for which he is to prepare a new budget.

These Guidelines are an important document. They are in effect a policy statement specifying the priorities of budgeting emphasis for the forthcoming period. They are issued by the President. They crystallize and combine his thinking, that of his principal advisors, that of the academic areas as he interprets them, and that of the Chancellor and the Board, respecting the objectives to be sought during the year in question, correlated with those sought for the longer term ahead. In a word, the Guidelines state the sense of the community as to what is best for the Institution in the periods ahead, and, in line with the funding in prospect, specify the targets toward which budget formulation is to be directed.

Each Department Head in consultation with his associates formulates how best his department can contribute to these desired objectives. He translates these conclusions into money terms. Like every Activity or Department Head in the Institution, his computations are based on his Beginning Budget for the period in which he is then working. This is the so-called "carry-forward budget" -- a term for the money-platform for which an Activity Head recommends future modification in order to accomplish the objectives desired in his area for the forthcoming new year.

His recommendations, supported by specific money estimates and a narrative statement of their rationale, go to the Dean to whom he reports. There the consultative process comes further into play as the responsible Dean coordinates or fuses the recommendations of one Department Head with those of another under his jurisdiction, to accomplish the objectives desired in his total area of responsibility.
Essentially the same process is followed by the President as he appraises recommendations from the institution's point of view. Here, necessarily, a first summarization is obtained of the aggregate of the money requests compared to the aggregate of money possibly available, better synopsized as "resources." The Vice President for Business and Finance is responsible for delineating the latter, which he does in great detail at the start of the budget preparation process, for the guidance of the President and his principal administrators, as they formulate the programs for their areas.

Thus an outline of desires, needs, and objectives to be accomplished, comes into juxtaposition with an outline of resources. Decisions then follow -- many times difficult ones -- and while the consultative process is followed, even intensified, the final decision (approval, modification, or denial) rests with the President.

**Budget Preparation, Control, and Review for Incidental Fee Supported Budgets**

Against the institution's basic budgeting philosophy, outlined above, the steps and procedures for the preparation of budgets supported by Incidental Fees are as follows:

1. Issuance by the President of an institutional budget calendar and institutional budget guidelines to each head of an Auxiliary Activity. These specify the priorities of budgeting emphasis for the year and the targets toward which budget formulation is to be directed.

2. Determination by each activity head, in consultation with his associates, how best his activity can contribute to these desired objectives, translating these conclusions into money terms and forwarding his recommendations to the Dean to whom he reports. These recommendations include proposals for both an expenditure budget and an earned income budget where applicable.

3. Coordination by the Dean of the recommendations of all the activity heads under his jurisdiction to accomplish the objectives desired in his total area of responsibility within the guidelines set by the President. These recommendations and priorities go to the Student Senate Budget Committee.

4. Deliberation by the Student Senate Budget Committee which includes: hearings on all budgets; review by the full Student Senate, including further hearings and appeal hearings where required; and written recommendations, with supporting rationale to the President.

5. The Office of Business and Finance and the Faculty Budget Committee review and analyze the Incidental Fee supported budgets in relation to the total institutional budget and to the Institutional Guidelines and transmit their findings to the President.
6. These recommendations and analyses are appraised by the President from the institution's point of view and in the light of guidelines established for him by the Chancellor and the State Board of Higher Education. Before granting approval he may confer further with the activity heads and the Student Senate but neither an expense nor an earned income budget is official without his prior approval.

Budget preparation is simply the first step in the total budget process. Once budgets have been prepared, reviewed, and approved, effective budget control becomes a primary consideration. Good budget control insures that expenditures do not exceed allocations, and that estimated income is realized. Budget control starts with those responsible for each budgetary unit. Thus, the Activity Head has first and primary responsibility for controlling expenditures within budget limits in his area.

The approved expense budget for each account specifies the expenditure limit authorized for that account. In general, expense budgets provide for two broad categories of expenditure -- a salary budget for employees on academic appointment -- known as non-teaching academics -- and a requisition budget for wages of classified staff, irregular wages for student or other irregular employees, materials and expense, travel, and equipment.

The approved earned income budget for each account specifies the amount of income which the activity is expected to achieve in those activities where income is possible. This money, added to the incidental Fees allocated, makes up the activity's funding for the budget period.

It is recognized that a budget consists of a series of estimates often prepared months before the fiscal period to which they relate. Since conditions change with the passage of time, there must be continuous review of the data on which the budget estimates were based so that the operating budget may reflect as closely as possible an up-to-date estimate of realizable income and a realistic plan for expenditures. To be effective this review must follow standard procedures for budget revision:

1. Requests for approval to increase expenditures beyond the amount allocated to a particular account or to spend income earned in excess of expectations by a given activity, as well as recommendations for budget changes necessitated by either over- or under-realized enrollment, must be reviewed and approved in the same sequence as outlined above regarding budget preparation.

2. Once approved, salary budgets cannot be modified without prior Presidential authorization. In some cases, prior endorsement by the Chancellor is required.
3. Funds in the requisition budget of a given account may be shifted between classifications, for example, from travel to equipment, at the discretion of the activity head, as long as total requisition expenditures do not exceed the total requisition budget.

4. Funds budgeted for one account cannot be transferred to another account -- for example, from the Social Recreation Board to the Community Affairs Board or from football to basketball -- except as approved through the same steps as followed in preparing the original budget. The original funding granted an Activity reflects the emphasis approved for that Activity in relation to the Institution's objectives, and priorities. Any change therefore is a change in previously established proportions and must have the President's prior, written approval.

5. Any approved change in an authorized budget which affects the total amount allocated to that account must be accomplished through the budget change procedure prescribed by the Office of Business and Finance.

It is well to note that there are usually two kinds of budgets in the Auxiliary Activities area.

One is an expense budget specifying the aggregate expenditure limit authorized for the Activity in question.

This is truly a control document. It sets out the funds provided for salaries and the funds provided for the standard object classifications of Wages, M & E, Travel and Equipment. These four are termed the Requisition Budget.

Where an Activity is Fee supported -- in whole or in part -- a subsidiary document specifies the amount of fee money allocated from the Incidental Fee. This allocation, together with the estimated Earned Income, if applicable, establishes the aggregate resource, which the Expenditure Budget translates into expenditure terms.

The second, or other kind of budgets in the Auxiliary Activities area -- and unique to it -- are the Earned Income Budgets. These issue for both Fee Supported and Non-fee Supported Activities where earned income is a resource. They specify the amount of Earned Income which the Activity Head is charged with achieving and which together with the allocation of Incidental Fee makes up the activity's aggregate resource for the year in question.

Frequently -- and happily -- Earned Income budgets are over-achieved during a year. It should be noted that expenditures of such excesses require prior approval by the President. Otherwise the expense budget and its essential control function would be violated. Less frequently -- and much less happily -- Earned Income budgets are under-achieved. It is then the responsibility of the Activity Head to modify expenditures in line with the indicated lesser resources on which his operation must then rely for the remainder of the period.
PREAMBLE

The Student Incidental Fee as approved by the Oregon State Board of Higher Education in 1945 is to provide "for cultural and physical development" of the students. Students who pay the fees properly expect to be involved in the decisions affecting the development of the appropriate programs and services as well as in their respective levels of support. The purpose of this report is to outline the authority, conditions, and criteria under which students shall participate in decisions on budgeting, allocations and determination of incidental fee income.

The provisions outlined herein follow from the Board's delegation of authority, and assignment of responsibility to the institutional executive for administering the affairs of the institution in accordance with the Board's policies, plans, budgets and standards; and the Board's policy that representatives of duly-organized and recognized student government shall (1) participate with the institutional executive in the formulation of guidelines and procedures for budgeting, allocation and amount of incidental fee income to be derived at the institution, and (2) shall participate in the decisions on budgetary, allocation, and determination of incidental fee income based upon said guidelines.

Based on the Board's delegation, President Clark delegates to ASUO control over distribution of incidental fee income used in the "major" and "minor" activities subject to the conditions, criteria and procedures outlined in the remainder of the statement.

A. DELEGATION OF RESPONSIBILITY TO ASUO SENATE

The Associated Student Senate shall represent the students of the University in making the general decisions affecting student recommendations to the University President and State Board of Higher Education concerning the levels of incidental fee support for programs affecting the cultural and physical development of the students.

B. CRITERIA FOR ALLOCATION RECOMMENDATIONS

For the purposes of allocating incidental fees, the programs and activities receiving such support shall be divided into Major Budget Activities and Minor Budget Activities.

Those programs considered Major Budget Activities are: The Athletic Department, the Erb Memorial Union, the Associated Student and University programs. Programs within the Associated Students and University programs are classified as Minor Budget Activities. Within both categories
are certain programs which have been "traditionally" funded.

General Criteria

Should the ASUO deem it necessary or advisable to make substantial decreases in the level of incidental fee support for either Major Budget Activities or traditionally funded activities the following criteria shall hold:

1) The ASUO and the University shall recognize and provide for orderly withdrawal of support, including satisfaction of existing contractual obligations.

2) The ASUO and the University shall obtain alternate sources of funding, except that the University President in measuring the situation may allow the reduction without alternate funding in whole or part if he feels the circumstances so warrant. Fiscally justifiable projections of future income that can be expected as an offset to the activity in question may be considered to meet this "criterion" where phasing or change is being planned in advance.

Specific Criteria

There shall be no specific budgetary limitations placed on changes in Minor Budget Activities. (Other than application of the General Criteria to traditional activities.)

For the purposes of reducing incidental fee support to Major Budget Activities, the following specific criteria will apply:

A decrease in the level of incidental fee support of Major Budget Activities shall not exceed 10% of the preceding year's allocation. Ensuing consecutive reductions in the same activity will require the review and approval of the University President.

The 10% limitation may be exceeded if the particular proposed budgetary change is submitted to the student body on a referendum with at least one-third of the student body voting and is approved by a simple majority of the votes cast. Changes in the support following the provisions of this paragraph are subject to the General Criteria. The ASUO shall establish guidelines so that the candidate's position on fee distribution will become a part of the election platforms.

These criteria in no way are meant to preclude those responsible for a Major Budget Activity from voluntarily reducing their incidental fee subsidization beyond 10% provided that existing contractual obligations shall be met.

As a partial means of helping to realize sound fiscal management, the ASUO shall annually budget for a contingency fund in order to meet emergencies, under realized enrollment, or any other contingencies. Over realized fee income will become a part of the contingency reserve. The fund will be carried over from one fiscal year to the next or allocated to budget activities as deemed necessary by the ASUO and approved by the President.
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Because certain contractual obligations and program commitments of the departments have major implications on the level of incidental fee support needed for maintaining existing levels, it is deemed necessary that all significant contractual arrangements and/or program alterations not reflected in existing or previous budgets need to be approved in accordance with the regularly defined University-ASUO procedures used for budget development. This provision does not exclude any needed University administrative approval.

C. INCIDENTAL FEE LEVEL

Incidental fees may be increased or decreased from the 1971-72 level on the prior year's level by the ASUO Senate upon review of the proposed incidental fee budgets and upon being convinced of the necessity and worth of the proposed increase or decrease in the budget. Any such changes shall be consistent with Board policy and Oregon statutes.

D. PROCEDURES FOR BUDGET DEVELOPMENT

In order for the Associated Student Senate to be kept fully aware of the budgetary situation in the Athletic Department, the Erb Memorial Union and Educational Activities, and the Associated Students Executive and Program Offices, and further, so that the Associated Students Senate can develop and maintain a well founded basis for making responsible budgetary recommendations to the President and to the State Board of Higher Education, procedures will be developed so that representatives of the three incidental fee areas will be able to meet with the Senate at periodic intervals to discuss both short and long range implications of their programs and budgets.

At the beginning of each calendar year the President of the University, after consultation with the Associated Students Executive Office, will set a date at which time he wants recommendations from the ASUO on levels of incidental fee support for the various programs thus funded. At that time, the Senate will establish schedules for fiscal committee hearings and Senate review of the budgets and set appropriate deadlines for the Department of Athletics and the Erb Memorial Union and Educational Activities (including ASUO) to submit their budgets and needed levels of incidental fee support to the ASUO with a copy to the President of the University.

Upon receipt of the proposed budgets, prior to the Senate's fiscal recommendations, the University President (or his representative) and ASUO shall consult as they deem appropriate regarding development of the budget.

After scheduled reviews by the ASUO Fiscal Committee and recommendations by the ASUO Senate, the President of the Associated Students will transmit the incidental fee budget to the President of the University for his review (or that of his representative) of the Incidental Fee Allocations to the Major Budget Activity areas to insure compliance with the guidelines and statutory requirements; and for compliance in respect to the Minor and traditionally funded areas. In instances where question exists regarding compliance, the President (or his representative) shall send a report of his findings to the Senate for its review and further action.
deemed necessary. ASUO shall maintain proper fiscal control, and all expenditures of incidental fee income and projections of any income shall be subject to audit by the University Business Office. Upon completion of the appropriate reviews and establishment of said compliance the University President will submit to the O.S.B.H.E., the ASUO recommendation for incidental fee distribution.

**APPEALS**

If after completion of all existing procedural steps regarding the budget requests, non-ASUO agencies feel that disagreement exists as to the utilization of proper procedures, representatives of the President's Office may consult with the appropriate department personnel and the ASUO to assure that all procedures are both understood and adhered to.

If they deem necessary, the ASUO Executive Office or Senate shall have the opportunity to submit a statement to the O.S.B.H.E. supporting their recommendations.

**AMENDMENT**

This document and the delegation herein may be withdrawn or revised at annual intervals by the President or at the initiative of the ASUO after consultation between the parties.

Committee members:

Ron Eachus
Iain More
James Tiger
Jack Orchard
Mike Kment
Richard Reynolds, Chairman

Ex officio:

Representatives of Athletic Department
Representatives of Budget Office