

## MAKING A BUDGET

It's budgeting time again? Here are some thoughts on how to create better budgets.

- If you're not a "numbers person" get someone on your team that is. Understanding numbers is an important part of the budgeting process. However, it's not the most critical part. The most critical part is the strategic planning that goes along with the budgeting process. The reality is that the numbers are actually secondary to the planning and strategic thinking. Getting a "numbers person" on your team will allow you to focus on the strategic planning and forget about the numbers.
- Remember that money is a tool. To properly prepare a budget, you need to know what that tool is going to do for you. If you needed to build a house, you wouldn't select random tools to work with. Instead, you would plan for which tools you'll need and what time. The same is true of budgeting.
- Many student executives are guilty of following a budget formula from year to year and then moving money around to cover additional expenditures later in the year. This is an inefficient way to manage money. Do some planning to know where your money will work best and hardest for you.
- At the same time, you might want to develop a list of budget goals. These are statements about how you expect your funds to work. For example, "From the \$5,000 I am putting into elections I expect returns in the form of more voters." This helps you focus on where your financial needs are greatest.
- You should know that your budget does not exist in a vacuum. It is tied to the financial ebb and flow of the greater institution. In preparing your budget, you should know what the institution is experiencing financially. Talk to others and collect data from financial committee records. That information will help you prepare a budget that is in line with the rest of the institution.
- When designing a budget, build in some areas of compromise. If you need a big increase in one area, then try to find another area where you can cut some funds. The Senate has a limited amount of dollars to allocate. Do not request unnecessary funding. You don't necessarily have to match the changes dollar for dollar, but the budgeting committee and the Senate will appreciate your effort. It is frustrating to see budget after budget submitted where the budgeter simply asks for money without looking for areas where dollars might be saved.
- Don't make budgeting a closed-door process. Invite your other colleagues as well as anyone who has an interest in the budget. Getting input from many individuals will ensure that your budget considers many parameters. Include your advisor in the budgeting process. This will ensure that you will get an administrative perspective on your budget. Finally, make certain that copies of your budget are generally available for students to review.
- Create your budget using a line item format. Cover all of your activities and explain all funding requests in detail. It is also very helpful to include the numbers regarding how much funding the Senate allocated for your past similar request and how much you ended up using of what was allocated. The more information and details you can give the Finance Committee the easier it is to go over the budget. If you have questions or concerns about the budgeting process or would like help creating a budget do not hesitate to contact the Finance Committee chair or any member of the Finance Committee. They will be glad to assist you.

### Tax Exemption

Student Senate is recognized as a 501c3 non-profit organization by the Internal Revenue Service. 501c3 non-profit status benefits organizations because it allows organizations to raise money through donations and grants. Donations to non-profit organizations are tax-deductible. Grants are rarely awarded to for-profit organizations. Non-profit organizations are also exempt from federal income tax.

If your organization has a national or regional “parent” organization, check with a national representative to see if your organization is tax-exempt. Since Student Senate is tax exempt, it does not reimburse organizations or individuals for tax on purchases. If Senate approved funding for your organization, that purchase is also tax exempt. However, make sure a representative from your organization picks up a tax exemption form from the Student Senate Treasurer before the purchase is made! If a purchase reimbursement form includes tax in the total, the sales tax amount will be deducted from the total reimbursement.

### W-9 Forms

A W-9 form is a short IRS tax form to request a Taxpayer Identification Number (TIN) and Certification. When Student Senate approves funding for individuals or groups that will be paid for their services (i.e. performers, speakers, DJs, etc.) their TIN (Tax ID Number) is needed to facilitate tax reporting. The form requests the name, business name, address, business status, and TIN number of that individual or business. The TIN number is simply the social security number of an individual or the employer identification number of a business/organization. W-9 forms can be picked up from the Student Senate Treasurer in the Student Senate office. Please return them to the Treasurer’s inbox following the performance.

### Receiving Your Approved Funding

Once an organization is approved for Senate funding, the organization must fill out a [Funding Request Step Two](#), also called a Special Appropriations Encumbrance Requisition. The [Step Two](#) form asks for the organization name and the amount of the approved funding you are currently requesting. Please fill out a [Step Two](#) form for each separate check you need. There are three different methods of payment available for use by the organization: check, transfer, and purchase order. These options are described on the next page. After the payment information, the form requests the organization contact person’s name and signature as well as the organization advisor’s signature. Please note, however, that even if the form is filled out correctly, it cannot be processed unless adequate documentation is attached. Allow at least one week for processing by the Student Senate Treasurer.

### Payment Options:

Check Checks can be written on either a reimbursement basis or before the event. If a check is needed to reimburse a member of your organization for approved purchases, indicate the check be made payable to that individual and attach the original purchase receipt. Remember, sales tax cannot be reimbursed and will be deducted from the total amount if tax has been included in the request. If the organization needs the check before the event, an official invoice (pre-purchase receipt) must be received from the business for the amount of the purchase. A check can also be written directly to a visiting performer as long as a signed contract is attached to the Step 2 form. Please also reference the section on the W-9 forms for performers.

Transfer If money needs to be paid to another group on campus, a check is unnecessary. The Step 2 form can facilitate transfers to both another Student Senate mainline organization as well as to University departments, dining services, physical plant, etc. To transfer funds to a mainline organization (e.g. Union Board Productions) no account number is needed. You simply name the mainline organization on the "transfer to" line. To transfer funds to a University department, write the department name and account number on the line. The department account number can be obtained from the department.

Purchase Order (PO) A purchase order is useful when an invoice cannot be obtained from a business. A University purchase order authorizes a purchase by the indicated organization up to an estimated dollar amount. Please indicate your purchase estimate in the "amount" blank on the Step 2 form. The business will then bill the University for the exact amount. Also, since the purchase order is generated in the University Finance Office, no tax exemption forms are needed. Many Valparaiso area businesses accept purchase orders from VU, but if you are hesitant please contact the Senate Treasurer. Please note that Wal-Mart no longer accepts University purchase orders. Purchase orders are generally available to be picked up in the Finance Office by the organization representative the day after the request is turned in by the Senate Treasurer. Purchase Orders can also be mailed directly to the business to be used when the purchase is made, but allow a couple of extra days for mailing time. Please indicate on your Step 2 form whether you wish the PO be mailed or picked up in the Finance Office.

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