PROGRAM BUDGETING AND ACCOUNTING

From Travel Study Leader Handbook

Program Budget

Managing finances for the study abroad program can pose unique challenges. The Program Leader will be responsible for developing an overall budget for program costs. A budget template can be found at https://sites.google.com/my.maryvillecollege.edu/mcscotsabroad/proposal-process?authuser=0 to submit as part of your proposal.

Philosophy of Access

Cost containment should be a prime consideration in the planning of the study abroad program. Some MC students find the cost of overseas studies to be a barrier to their participation. In order to keep the costs low, the Program Leaders will need to negotiate with program service providers for the lowest possible fee, seek inexpensive group flights, and generally do their best to keep administrative costs low.

Clarity of Information

The Travel Program Director must present students with an accurate budget estimate on the approximate costs they can expect, both in the program promotional materials and in the orientation process.

Cost estimates should include:

- **Program Fee**, listing everything that is included in fee (*see below issues for consideration*)
- **Reasonable Group Airfare Estimate**
- **Projected costs for expenses that are not included in program fee:**
    - $100 application fee **(mandatory)**
    - Passport ($165 approximately)
    - Meals not included in the program fee
    - Projected costs for personal expenses
    - Required course materials
    - Required/recommended immunizations and anti-malarial medication (if appropriate – www.cdc.gov/travel)
    - Any required travel/activities not covered in the program fee
    - On-campus housing pre/post program
    - MC tuition & fees (as appropriate)
        - May-term programs that are 10+ days are eligible for a tuition waiver

In determining a **Program Fee**, the following items, among others, should be considered when assessing costs:

- Provider fees (which may include some combination of items below)
- Accommodation (in-country)
- Student Housing (for May term: gap between mandatory 'move-out' date and date of departure)
- Meals (Minimum of breakfast and a welcome and farewell meal are recommended)
- Airfare
- Visas
- Required vaccinations (although you will not want to include this in the program fee, you will want to know potential overall costs for students)

- Program/Course materials
- On-Site Coordination Costs (airport transfers, in-country travel, fees for guides/translators, wire transfer/currency exchange fees, etc.)
- Excursions/Activities
- Tips/Honoraria
- CGE Travel Medical Insurance & Trip Interruption (**mandatory**)
- Program Leaders Costs (Housing, Airfare, Meals, Miscellaneous and fixed cost expenses such as phone plan, taxis)
- Contingency fee (**mandatory 10%**).

When Setting a Program Fee, please also consider these issues:

- Overall cost to the student
- Exchange rate & possible fluctuation in rates in the next year
- Potential increases in flight costs, fuel surcharges and taxes
- Number of Participants [for example, minimum numbers for program to go, impact of numbers on logistics like transportation (e.g., in-country cost of vans/buses are dependent on size of group) and housing, & maximum numbers]
- How to Handle Surplus/Deficits (see section on program accounting)

Use the budget sheet in the Travel Proposal to assist you in setting a budget, and update the Center for Global Engagement with any changes to your budget.

<u>Financial Resources:</u>

Different program types offer different resources to support student costs. These may include:

- Scholarships (credit-bearing programs only)
- Financial aid (credit-bearing programs only)
- Fundraising / Restricted account money
- Operational budget

Note on Scholarships: All students in Travel Study Courses are eligible to apply for Study Abroad scholarships (administered by the International Programming Committee) but should explore multiple strategies for covering their financial commitment. Program Leaders should direct students to the MC Financial Aid Office to see how their financial aid can be affected and maximized by their program participation. Travel-Study program fees add to their cost of education and financial aid may be adjusted accordingly. The Financial Aid Advisor responsible for study abroad in the MC Financial Aid Office will be able to clarify for students how their financial aid will apply to study abroad. Program Leaders should also inform students if there are additional sources of funding available. Again, this information should be presented in all promotional and orientation materials.

<u>Contracts</u>

Ultimately, it is likely that Program Leaders will need to secure either formal, written contracts which conform to institutional, system and state policies or invoices from travel agents, hotels, motor coach companies, cooperating institutions, or other third parties for all program details with budgetary implications.

If contracts need to be signed, Program Leaders **MUST** forward these to the Center for Global Engagement. They will need to be signed by the COO. Please keep in mind that only the COO can enter into financial contracts. DO NOT SIGN ANY FORMAL CONTRACTS YOURSELF as these cannot be honored! If you are uncertain as to whether you are able to sign something yourself, check with the Center for Global Engagement

If you are working with a travel agency or program provider who is working with you to develop your program, you need to provide the Center for Global Engagement with a copy of:

- Contract
- Copy of THEIR liability insurance
- Any policies or protocols, rules or regulations they have
- References for the organization/agency and description of process used to select this agency

Working with the Business Office

The Business Office sets up the appropriate billing transaction codes for a travel programs. CGE will let you know who your contact in the Business office will be. Each travel program will have its own REVENUE and EXPENSE account numbers. The CGE will provide you with both.

1. A $100 application fee is required of all travel program applicants. This application fee does not apply to the program fee.
2. The CGE Travel Program Application form allows students to pay online or to the business office. Program leaders will be able to see the status of student payments through a shared google drive once programs have been approved. One leader may also be provided access to the application portal.

3. Once initial deposits are complete, Program Leaders should remind students of remaining deadlines (see Study Abroad Website).
    a. A $50.00 late fee will be assessed to all payments received later than the payment deadlines.

4. The Business Office and CGE will establish the timeline for student payment of the program fees in advance. This is especially important in dealing with providers and/or large payments as it can take up to a week or more for necessary approvals.
5. Leaders should provide the Center for Global Engagement any contracts and provider payment deadlines. It is the leader responsibility to communicate these dates if exceptions are needed and ensure student payments are made in a timely manner.
6. **No payments should be made without having the necessary purchase orders or payment requests, including p-card requests. All payment requests need documentation (e.g., invoice, contract).** Pre-departure P-card payments need to be reconciled as per Business office policies. Large payments should not be made with employee P-cards without consulting the Business Office first. Your P-card has a spending limit and this may need to be adjusted. Be aware that some airlines and providers charge a fee for credit card payments, and credit cards should not be used in these cases.

7. Program Leaders should be aware that there are different revenue and expense account numbers for deposits and withdrawals prior to June 1st and after June 1st. Be sure to use the correct account number. The business office will take care of shifting the funds after the new fiscal year begins.

Tracking Spreadsheet

Once selection has been completed and students have deposited for the program, each Program Leader will have access to a shared excel spreadsheet to track all deposits. The budget spreadsheet for each program has a tab for calculating expenses. The business office will also keep a running tally of deposits and expenses. After the program returns these two copies should match.

Confirmation of Commitment – Airline Tickets

Program Leaders should obtain quotes for airfares, if not included already in a provider fee, in order to develop the Travel Program price. Because this must be done far in advance, treat the quote as a best case estimate and assume it likely be higher by the time one actually commits to purchasing tickets. Individual ticket prices are not necessarily a good indicator of what it will cost for a group to travel. Some of the benefits of group airfares include:

- Assurance that all group members (10+) get on the same flight
- Ability to provide traveler names later
- More flexibility in change/cancelation policies

In most cases plane tickets need to be booked soon after student deposits to secure the best airfares. At the very least a deposit is usually due at this time to lock in a price. Also, in the last few years fuel surcharges have become a factor in ticket prices. Some airlines will accept a deposit of $100 - $500 per person to secure a particular rate for ticket prices. However, often fuel surcharges can change even once a ticket price is secured. Program Leaders may choose to pay for all tickets in advance.

Students sign a confirmation of commitment letter that states that they are liable for all program costs after the deposit date. We only offer refunds of **recoverable costs** after this time. The above example is one of the reasons why.

TIP: Be sure to make sure you understand the change and cancellation policies related to tickets.

Payments

The program fee is generally broken into the following payment structure:

- $100 Application Fee: due with application (not applied to program fee)
- $200 Deposit: due with confirmation forms (applied to program fee)
- Payment 1 (25% of remaining program fee)
- Payment 2 (25% of remaining program fee)
- Payment 3 (25% of remaining program fee)
- Payment 4 (25% of remaining program fee)

Study Abroad Scholarships

Students apply for study abroad scholarships at the same time as they apply for the program. The scholarships are awarded using established criteria of financial need and essay articulation of student goals and financial circumstances. The International Programming Committee is the body that awards these scholarships. The amount awarded will be listed on the tracking spreadsheet for your program. The scholarship amounts are applied towards the cost of the program on the front end. The balance remaining for the program can be divided into 4 separate payments. If a student withdraws from the program, the scholarship money should not be used and will return to the scholarship account.

Refund Policies

Please make sure that your course materials accurately document refund policies. Only non-committed, recoverable funds that do not adversely impact the overall cost of the program can be appealed for refund.

- 100% refund of total program costs (EXCEPT application fee and deposit) until first payment date (December)
- RECOVERABLE COSTS of total program costs up to 46 days prior to the start (arrival) date of the program (program specific – some payments may have an earlier cutoff date)
- 0% refund of total program costs 45 days or less prior to the start (arrival) date of the program
  **Above policies are* currently *estimated, but established by contract obligations*

Student withdrawals after the confirmation of acceptance date may affect the ability for a program to occur or may affect program pricing.

Student Withdrawal

$100 Application Fee is non-refundable. However, students who are <u>not selected</u> for one of their listed study abroad program destinations will receive a refund of this application fee.

$200 Deposit is non-refundable.

If students choose to withdraw from a program that has not yet departed, but continues to run, they will be liable for all expenses incurred on their behalf, and neither deposits nor program fees are refundable.

Withdrawal of a student after acceptance & deposit impacts the cost for all other program participants. Even if the student has not yet paid the full program balance, he or she may be obligated to pay Maryville College for any unrecoverable expenses incurred on the student's behalf. This may require the student to pay part of the program cost to Maryville College, even if he or she does not attend the program**.**

Program Cancellation

When cancellation is due to factors (e.g. political, natural, technological) beyond Maryville College's control, we will be able to refund only uncommitted and recoverable funds.

Maryville College reserves the right to cancel programs in the case of insufficient participation or for other reasons deemed appropriate.

Maryville College also reserves the right to make changes to the program or alteration in the program’s proposed schedule and itinerary.

Should the program, or any portion of the program, be cancelled, Maryville College shall have no responsibility beyond the refund of all recoverable funds paid to Maryville College by participants, according to cancellation rules of providers used. Maryville College can only issue refunds for recoverable costs. This means that in the case of situations that are outside of MC's control and a program needs to be cancelled, students will receive all monies MC is able to recover from program providers.

Program Changes or Re-direction

Maryville College reserves the right to make changes to the program or alteration in the program’s proposed schedule and itinerary.

No refunds will be given for deviations from the planned itinerary, failure to participate in program activities, or early return to the U.S. for voluntary reasons or for dismissal due to conduct violations. The College reserves the right to modify program plans and the itinerary should conditions make such changes necessary.

If a student chooses to withdraw from a program that has been modified in terms of location or itinerary, he/she will be liable for all expenses incurred on their behalf, and deposits are not refundable.

Minor alterations will not result in refunds.

Unrecoverable Costs

Unrecoverable costs may include expenses for both individual and group services.

- Individual expenses are items such as airline tickets or pre-paid room reservations. Individual expenses that have the potential to impact the whole group are unrecoverable.
- Group expenses may include bus rentals or payment to guides, among other things. For example, if the program budget is based on a minimum of 15 participants, and the 15th student withdraws, then a portion of the cost for some group services also becomes an unrecoverable loss.

Late Fee

There will be a $50.00 late fee assessed to all payments received after payment deadlines by students. Please make sure that your course materials document this.

Contingency Fee, Surpluses & Deficits

Each program fee must include a 10% contingency fee. This fee may be used to cover costs that change between the time the programs are advertised and the return of the program. The intent is for this fee to be available to cover variation in exchange rates, price fluctuations or administrative overhead so that there are not any deficits following the program. While the program fee charged to students should include this fee, leaders should not plan to spend this money unless there is a variation in original costs. Use of the contingency fee should be discussed with the Center for Global Engagement.

Deficits are unacceptable. Appropriate accounting practices should prevent any overspending. If you are concerned that your program is going to be over budget, please discuss this situation with Kirsten Sheppard. Normally, it is expected that any deficits can be noted early enough so that changes can be made to the program/itinerary to eliminate the deficit. Alternatively, a surcharge to the program fee may be needed. It is important to be as clear as possible with students from the beginning where costs might fluctuate.

Making Payments

Program Leaders should complete the MC Business Travel Request Form , which documents the broad outline of estimated trip expenditures. The completed form should be submitted for approval by the Vice President & Dean of the College and will be used to reconcile payments upon return.

The easiest way to deal with large expenses related to study abroad programs is to ask a service provider to send an original invoice directly to MC. However, it may not always be possible for all service providers to invoice MC directly. In this case, you will need to cover program costs on-site by requesting a cash advance prior to departure or by using a MC purchasing card (p-card). Whichever option you choose, you will need to work closely with the Business Office to ensure adherence to MC accounting policies. Program Leaders will need to determine what can be paid in advance (pre-departure), what can be paid by p-card, and what must be paid by case while at the destination. Note that p-cards are not necessarily suitable for every destination and Program Leaders are responsible for notifying the p-card issuing bank of international use as per their guidelines.

It is crucial that the Program Director keep copies of original receipts to submit to the business office upon return to MC. Ideally, the Program Leader should keep a daily log of all expenses. If it is not possible to obtain original receipts for program-related expenses, the Program Leader must keep a log listing all expenses and ask the person providing the service to sign this log. MC will hold the Program Leader financially responsible for all charges for which he/she does not have original receipts or log entries. The Program Leader will also be responsible for all expenses that are not integrally related to the educational aspects of the MC program.

Vouchers that include foreign travel must be submitted in U.S. currency. Each receipt must be identified, translated, and converted to U.S. currency. All expense amounts must be converted to U.S. currency and the conversion rate used identified on the voucher or on the receipts. The conversion rate can be per day or an average during the period of foreign travel. For example, you can use http://www.xe.com/ucc to convert your receipts and print out a copy of the conversion.

Final Budget Report

Your final budget report should be part of your overall final report (https://forms.gle/9EUUs1fhEBJ8fVP2A) and should provide a full listing of both the income and the expenses for the program. Income is generated from the program fees collected from each student. Expenses should include all of the direct costs associated with running the program that were paid out of the program fees both prior to departure and upon the return.

Business Travel Form should be submitted with receipts to Saij for the Dean's signature and provided to the business office as is done for any travel.