

UNIVERSITY OF HOUSTON - CLEAR LAKE

**Budget Guidelines
FY2020**

March, 2019

Budgeting Overview

Fiscal year 2020 is the first year of a two-year budgeting cycle for the legislative biennium. During the 85th legislative session, UHCL experienced a 30%+ non-formula item cut in FY18 and another \$122,764 reduction in State Appropriation for FY19. UHCL faces challenging opportunities in the upcoming budget cycle as it faces budget reductions for FY2020. Nonetheless, UHCL will proceed in maintaining the integrity of the planning and budgeting process.

Keeping in step with the University's goals and objectives, the budget cycle focuses on four specific processes: planning, budgeting, implementing, and assessing. Strategies are prioritized at the unit level, the division level, and finally, the component level to complete the process. Component administrators present their priorities to component faculty and staff. Component administrators then meet to combine their priority lists. The combined list is circulated to the campus community for review and then presented to the university community and Planning and Budgeting Committee (PBC). Following the discussion at this open meeting, the President and Vice Presidents review any comments received and forward the final priority list to PBC. PBC prioritizes and funds the strategies and forwards its final recommendation to the President. Upon the President's approval, the final priority list is distributed to the university community and the funded priorities are input as part of the budget development process.

Each unit is responsible for developing its budget. The College/Division Business Administrator for each division will coordinate the budget development process, input some budget data into the Hyperion Planning and Budget system, and verify other data input by the Budget Office. Base data from FY19 as of February 22nd was extracted from the Financial System and the Human Resources System and loaded into Hyperion. Between February 1 and May 1 the Planning and Budget Office will work closely with UH Budget officers to ensure a seamless implementation and conversion to Hyperion. During May, each area will develop their budget.

The Planning and Budget Office's (PBO) objectives throughout the budget process are to encourage open communication at all times and to provide assistance and guidance as needed. For assistance, please call X2120.

Budget Development – FY2020

Hyperion Planning and Budget

The Hyperion Planning and Budget system will be utilized to analyze and prepare the operating budget. This will be the first year that UHCL will be using Hyperion for budget development in which the PBO has undergone months of planning, development, and training to ensure a seamless transition for its users. Individualized training will be available starting the last week of February and will continue through the end of April. All planning and budget development forms, guidelines, and policies are found on the PBO's website.

SECURITY AUTHORIZATIONS

The Hyperion Planning and Budget system is designed to maintain the security and integrity of budget data which is monitored by UH security specialists. Department security is set for each user and the data accessed is determined by Department Code. As a result, department users can only see their data. Once the College/Division Business Administrators (CBA/DBAs) have completed their update, they will be given view only access to Hyperion.

ACCOUNTABILITY

CBA/DBAs are accountable for the accuracy and completeness of data entry. Although the PBO is responsible for the correctness of the University's Budget, individual units must reconcile their own cost center totals with their allocations and/or reductions. The units must secure all budgetary information to ensure confidentiality until the final budget is approved by the Board of Regents.

CENTRAL FUNDS

STATE FUNDS BUDGET – 1051 & 1052

DESIGNATED FUND BUDGET - 2064

The PBO will provide each CBA/DBA with check totals by area for university allocations to assist in the reconciliation process. Upon updated completion in Hyperion, the Proposed Budget must agree with the Budget Goal provided in Hyperion.

Units receiving fund central fund allocations will have base and current expense budgets loaded to PeopleSoft from Hyperion at the beginning of the fiscal year.

Each month, starting at the beginning of the fiscal year, current vacant position funding will be transferred to a central university operating cost center and base funding will remain in department. Once positions are filled, current funding will be returned for the remainder of the fiscal year.

Benefits for state and 2064 cost centers will be budgeted centrally. Unspent 2064 balances at the end of each fiscal year will be transferred to a central university operating cost center.

LOCAL FUNDS BUDGET – DESIGNATED (non-2064), AUXILIARY, RESTRICTED

The annual budget preparation process includes estimating revenues and expenditures. All budgets from non-central sources must include projections for revenue. This should be based on historical data with adjustments for new activities for the coming year. There should also be a corresponding expenditure budget established in order to balance revenue to expense. The number of staff positions, size of maintenance and operations budgets and the budget total for each unit are based upon need, current projected income, and budgeted fund equity. Units supported by revenue producing programs will have base and current revenue and expense budgets loaded to PeopleSoft from Hyperion at the beginning of the fiscal year. This provides units that incur costs, prior to the receipt of revenue, the flexibility needed to start operations each year.

- **Revenue**

It is the responsibility of each unit, with the assistance of the CBA/DBA, to provide a revenue estimate based on program activity and rate structure. At the end of the fiscal year, actual expenses may not exceed actual revenue plus budgeted fund balance. Each CBA/DBA is responsible for monitoring the revenue and expense patterns throughout the year and will work with the PBO to make adjustments to refine their revenue projections as needed. Any increase to revenue must be accompanied by a justification that includes supporting data and projections before being submitted to the PBO for final approval.

Estimated Endowment Income is calculated by the UHS Treasurer's Office. The revenue budget may consist of endowment income and fund equity to support the expenditure needs for FY2020.

- **Administrative Charge**

For all self-supporting units (to include all auxiliary funds and sales and service revenue within designated funds) the administrative charge will be 8% of actual revenue. The projected administrative charge expense must be considered as the expenditure budgets are prepared. The activities classified as auxiliary or designated are basically self-supporting activities and as such, set cost of goods and services at a level to cover the normal operating expenses expected for operations. Auxiliary and designated cost centers have a basic need for administrative services; therefore, should be charged for a share of the administrative support expenses. These self-supporting units will be charged a percentage for administrative costs incurred in support of operation and maintenance. The administrative charge applies to all auxiliary fund cost centers (all revenue accounts) and all designated cost centers (only sales & service revenue accounts). This charge will be assessed at the end of each month during the year. These funds are used to support university needs.

- **Benefits**

Staff benefits, which are approximately 30% of gross salary, must be budgeted in the individual non-state funded cost centers. Starting in FY20, positions expended on 2064 funds will have the corresponding benefit budget transferred to the appropriate cost center during budget development.

Longevity expenses are charged directly to the corresponding cost center(s) of where the position of the employee receiving longevity is paid from. For Base budgeting purposes, longevity expenses must be budgeted in a lump sum total for all employees receiving longevity in the same cost center in the B5006 budget node.

- **Fund Equity**

Budget balances available at year end in Designated (non-2064), Auxiliary (3XXX), or Restricted (4XXX) funds will be held in the department's unbudgeted reserve for use in future years. Departments should not budget fund balance during budget development. Any exceptions to this should be approved by the Planning and Budget Office.

ALL FUNDS

- **Salary Budgets**

Salary adjustments may be made for the following:

New position, pay plan adjustments, merit pay, reclassification, equity adjustment and promotion.

New faculty and staff positions that are approved through the University's Initiatives Process and are funded centrally from state funds or designated tuition will receive base funding. However, current funding will not be received until positions are filled. The PBO will move the Current Budget to a central university cost center in September and return the Current portion needed for the remainder of the year once the position is filled.

- **Revenue and Expense Budget Nodes**

In order for revenue and expenses to post accurately during day-to-day processing, there must be a budget established in the corresponding Budget Node.

Valid Revenue Budget Nodes:

<u>Budget Node</u>	<u>Account Range</u>
B4001 Tuition	40100-40299
B4002 Designated Tuition	40300-40499
B4003 Student Service Fees	40500-40699
B4004 Other Fees	40700-40999
B4005 Remission & Exemptions	41000-41099
	55500-55999
	57010-57011
B4006 General Revenue Appropriation	41100-41103
	41106-41111
	41113-41299
B4007 Other General Revenue	41400-41499
B4008 Staff Benefits	41300-41399
B4009 Higher Education Assistance	41105-41105
	41500-41599
B4010 Federal Grants and Contracts	41600-41799
B4011 Indirect Cost Recovered – Fed	41800-41899
B4012 Fed Pass Thru from State Agency	41900-41999
B4013 IDC Recovered – Fed Pass Thru	42000-42099
B4014 State Grants & Contracts	42201-42299
B4015 IDC Recovered – State	42100-42199

B4016 State Pass Thru From State	42401-42403
	42406-42408
	42410-42499
B4017 IDC Recovered – State Pass Thru	42300-42399
B4018 Local Grants & Contracts	42500-42599
B4019 IDC Recovered – Local	42600-42699
B4020 Private Gifts	42900-42914
	42916-43099
	44400-44428
B4021 Private Grants & Contracts	43100-43100
	43102-43199
B4022 IDC Recovered–Private Grant	42800-42899
B4023 IDC Recovered–Private Contract	42700-42799
B4024 INC/DEC in Fair Value of Investments	43200-43299
B4025 Other Investment Income	43300-43499
B4026 Endowment Income Distribution	43500-43599
B4027 Sales and Services – E&G	43600-43630
	43635-43636
	43639
	43641-43999
B4028 Sales and Services – Auxiliary	43631-43634
	43637-43638
	44000-44399
B4029 Other Sources	44429-44439
	44441-44795
	44797-44799
	49504
B4030 Among Funds-Mandatory	44801-44899
B4031 Among Funds-Non-Mandatory	44900-44999
B4032 Among Comp-Mandatory	44800
	45000-45099
B4033 Among Comp-Non-Mandatory	45100-45199
B4034 Encumbrances	45200-45299
B4035 Fund Balance	45300-45399
(Use 4035 if budgeting reserves to offset base expense budget)	
B4036 Recovered Cost	50050-50099
B4037 Shared Appropriations	41104
B4038 General Revenue – Salary Increase	41112
B4039 License Plate Scholarship	42200
B4040 Texas Grant Program	42400
B4041 TCWS	42404
B4042 TASP	42405
B4043 Texas Excellence Fund	42409
B4044 Endowment Transfer	43101

Valid Expense Budget Nodes:

<u>Budget Node</u>	<u>Account Range</u>
B5005 Cost of Goods Sold	50000-50024
B5006 Salary and Wages	50100-50120
	50122-50139
	50220-50999
	51400-51999
B5034 Tenure Track Faculty	50140-50149
B5035 Non Tenure Track Faculty	50150-50159
B5036 Adjunct Faculty	50160-50169
B5037 Graduate Assistants	50170-50179
B5038 Exempt Staff	50180-50189
B5039 Non-Exempt Staff	50190-50199
B5040 Student Employees	50200-50209
B5055 Summer Instruction	50210-50219
B5007 Benefits	51000-51399
(For non-state cost centers - if there is a S&W budget, there must be a Benefits budget)	
B5008 Capital	58000-58999
(Expenditures in B5008 should be equal to or greater than \$5,000)	
B5009 M & O	52000-57999
	59000-59999
B5027 Bad Debt Expense	50025-50049
B5073 Purchased Utilities	52600-52605
B5076 Debt Service	54706-54709
	54737
	54739

CONTRACT AND GRANT FUNDS

For reporting purposes only, all contracts and grants (fund 5XXX) will be budgeted in holding cost centers established for each division and will not load to PeopleSoft. In addition to estimating a balance available at year end, each division, with the assistance of Office of Sponsored Programs, will project any anticipated new awards.

PLANT FUNDS

For reporting purposes only, plant funds (fund 7XXX) will be budgeted in holding cost centers and will not load automatically load to PeopleSoft. Facilities, Management, and Construction will provide estimates for FY20 project costs.