

UNIVERSITY OF HOUSTON - CLEAR LAKE

**Budget Guidelines
FY2019**

January, 2018

Budgeting Overview

Fiscal year 2019 is the second year of a two-year budgeting cycle for the legislative biennium. During the 85th legislative session, UHCL experienced a 30% special 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 FY2019. 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 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 Sr. Business Coordinator for each division will coordinate the budget development process, input some budget data into the Budget Development Module (BDM), and verify other data input by the Budget Office. Data as of February 28th will be extracted from the Financial System and the Human Resources System and loaded into BDM. During March, each area will develop their budget.

The Budget Office's 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 – FY2019

BUDGET DEVELOPMENT MODULE (BDM)

The Budget Development Module (BDM) will be utilized to prepare the operating budget. BDM is an in-house designed application, using People Tools, and resides within the PeopleSoft Financial System. Training will be available on February 6th and detailed documentation for BDM is available on the PeopleSoft Finance Support Website.

SECURITY AUTHORIZATIONS

The Budget Development Module is designed to maintain the security and integrity of budget data. 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 Sr. Business Coordinators have completed their update, they will be given view only access to BDM.

ACCOUNTABILITY

Sr. Business Coordinators are accountable for the accuracy and completeness of data entry. Although the Budget Office 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 budgetary information to assure confidentiality until the final budget is approved by the Board of Regents.

STATE FUNDS BUDGET – 1051 & 1052 DESIGNATED FUND BUDGET - 2064

The Budget Office will provide each Sr. Business Coordinator with check totals by area for university allocations to assist in the reconciliation process. Upon updated completion in BDM, the New Year Budget must agree with the Budget Goal provided on the Unit Screen in BDM.

Units receiving fund 1051, 1052, or 2064 allocations will have base and current expense budgets loaded to PeopleSoft from BDM in September. Each month, starting at the beginning of the fiscal year, vacant position funding will be transferred to a central university operating cost center. 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 BDM in September. This provides units that incur costs, prior to the receipt of revenue, the flexibility needed to start operations each year.

Units receiving central funding allocations will have base and current expense budgets loaded to PeopleSoft from BDM in September.

- **Revenue**

It is the responsibility of each unit, with the assistance of the Sr. Business Coordinator, 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 Sr. Business Coordinator is responsible for monitoring the revenue and expense patterns throughout the year and work with the Budget Office to make adjustments to refine their revenue projections as needed.

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 FY2019.

- **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-2064 local cost centers. Benefits for 2064 Cost Centers will be budgeted centrally.

Longevity expenses are charged directly to the corresponding position of the employee receiving longevity pay. However, for Base budgeting purposes, longevity may not be budgeted in the actual position. An alternative solution is to budget longevity pay in the Benefits budget node - B5007. In September, the Current budget may be moved to the corresponding position in order to avoid any negative position balances.

- **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 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 priority process and are funded centrally from either state funds or designated tuition will receive base funding. However, current funding will not be received until positions are filled. The Budget Office 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 Approp | 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 |

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|--|--|
| 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 Inv | 43200-43299 |
| B4025 Other Investment Income | 43300-43499 |
| B4026 Endowment Income Dist | 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 Gen'l Rev – 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 |
| B5007 Benefits | 51000-51399 |
| (for non-2064 local cost centers - if there is a S&W budget, there must be a Benefits budget) | |
| B5008 Capital | 58000-58999 |
| (keep in mind expenditures in this range 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 FY18 project costs.