### THE UNIVERSITY OF TEXAS AT DALLAS

#### BUDGET POLICY

**FY2014**

(Last Revision: 03/01/2013: This document takes precedence over all previous Budget Policy statements.)

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SECTION 1 GENERAL

1.1 ANNOUNCEMENTS/REMINDERS

1.1.1 Merit Increases for A&P, Classified, and Faculty positions - Merit increases for A&P, Classified, and Regular Wage employees are granted as a part of the annual University merit pay plan as approved by the President’s Cabinet and implemented during the annual operating budget planning process. Instructions for merit increases will be included in the annual budget guidelines.

1.1.2 Cost Center Function – Expenses charged to a cost center should fall within the scope of the function assigned to the cost center. Reflecting the correct National Association of College and University Business Officers (NACUBO) function is important for the accurate financial reporting of University expenditures to the Board of Regents, sponsors, The Higher Education Coordinating Board, and the Legislative Budget Board. Refer to the budget instruction manual for detailed definitions of NACUBO functions.

1.1.2.1 Cost Center Managers should contact Accounting and Financial Reporting if the function on a cost center is incorrect or changes or to request new cost centers.

SECTION 2 BUDGET CONTROL

2.1 GENERAL POLICIES

Each Cost Center Manager is responsible for ensuring that all commitments and expenditures are within the limits of the related budget. No commitments or payments should be made without identification of adequate qualified funding.

2.1.1 Transactions for all cost centers are subject to the available budget balances.

2.1.2 Adequate cost center and budget pool balance must be in the funding cost center prior to the processing of requisitions, purchase vouchers, business expense reimbursements, travel vouchers, and travel advances by Procurement.

2.1.3 Adequate cost center and account balance must be in the funding cost center before any position change is posted by the Budget Office.

2.1.4 For all non-baseline cost centers, adequate funding includes adequate provision for Fringe Benefit costs in the A5500 account. Fringe benefits are estimated at 30% of salaries for benefit eligible employees and 15% of salaries for non-benefit eligible employees.

2.1.5 Budget Office verifies availability of funds for all cost centers except Contracts & Grants.
2.1.5.1 Contract & Grant Accounting verifies availability of funds for positions funded from Contracts & Grants cost centers.

2.1.5.2 Payroll will not process requests for additional payments without adequate budget funding in the correct cost center and budget account or if the total cost center balance is deficit.

2.1.5.3 Exceptions may be made in extraordinary circumstances to be approved by the Budget Director or designee.

2.1.6 Student Information System items post without regard to budget funding. **Cost Center Managers** are expected to ensure that adequate funding is available to fulfill all scholarship, grant, and loan commitments.

2.1.7 **Revenue Cost Centers**: A justification must be submitted for any revenue projection that increases by 25% or more from the current years revised revenue budget.

2.1.8 **Service Centers**: Any service center (fund code 3920) must have a rate study approved by Financial Accounting and Reporting before the annual budget will be approved and uploaded by Budget and Resource Planning. The rate study must be renewed each year.

2.1.9 **Fund Balances**

2.1.9.1 Year-end fund balances in non-baseline cost centers will have automatic roll forward privileges

2.1.9.2 Year-end budget balances in academic unit base-line budgets will have carry-forward authority of all balances.

2.1.9.3 Year-end budget balances in non-academic unit base-line budgets will close to the related general ledger cost center identified by the fund code. Exceptions to this policy may be requested in written justification form and must be approved by the President of the university.

2.1.10 **Cost Center Deficit Policy**: No deficit should exist on any operating cost center, except in extraordinary circumstances to be approved by the Budget Director or designee.

2.1.10.1 Budget deficits can be resolved by using a Budget Transfer to transfer funds from another cost center within the same fund code; by using an Interdepartmental transfer to transfer expenses to a different cost center, or by using a Personnel Action Form to change position funding to a different cost center (reallocation).

2.1.10.2 In addition to the above, for self-supporting accounts, budget deficits can be resolved by using a Budget Journal to budget prior year funds or increase revenue. See Section 2.4.

2.1.10.3 Each unit is responsible for the resolution of its budget deficits. The President will review budget deficits in State and Designated Tuition cost centers at year-end. Unresolved budget deficits in these cost centers may be carried forward against the budget for the next fiscal year, with approval from the President.
2.1.11 Fund Balance Deficit Policy: No deficit balance should exist in any fund balance, except in extraordinary circumstances to be approved by the Budget Director or designee.

2.1.11.1 During September, Cost Center Managers should review the Fund Balance Transfer Overview in PeopleSoft Financials for deficits. If a deficit exists, the Cost Center Manager is expected to reduce the expenditure budget to eliminate the estimated year-end deficit.

2.1.11.2 During October, Budget Office Analysts will initiate required budget journals for those units that fail to make the required adjustments described in Section 2.1.9.1.

2.1.11.3 No budget journals will be processed that will create a deficit fund balance.

2.1.11.4 If Cost Center Managers do not initiate appropriate adjustments to address deficits during the year, the Budget Director is authorized to initiate such adjustments.

2.2 BUDGET TRANSFERS – GENERAL POLICIES

2.2.1 Absence Mode: When the Cost Center Manager, Dean, or Vice President (or designee) is scheduled to be out the office, that person may choose to register Absence Mode. This allows the individual to select another person to authorize or approve budget transfer requests in his or her absence. When authority is delegated to another person for approval of Budget Transfers, the Cost Center Manager, Dean, or Vice President is still responsible.

2.2.2 Termination Vacation/Sick Pay: Funding for vacation pay for terminating employees is paid from a central pool. A state-funded pool or student fee pool will be charged 0.7% of non-faculty salaries and wages in general operating budget cost centers to fund the central pool, and other cost centers will be charged 0.7% of their salaries and wages to fund the central pool. Charges will be recorded in account A5090.

2.3 BUDGET TRANSFERS – SALARIES AND WAGES

2.3.1 FACULTY SALARY BUDGETS (Accounts A5021, A5031, A5024)

2.3.1.1 Funding must be in the appropriate cost center and account before any PAFs will be processed, except in extraordinary circumstances to be approved by the Budget Director or designee.

2.3.1.2 Available budget in faculty salary accounts cannot be moved to non-faculty salary accounts, except with the permission of the Executive Vice President and Provost.

2.3.1.3 Available budget in faculty salary accounts can be moved between the various faculty salary accounts: A5021 – Faculty, A5031 – Teaching Assistants, A5021 – Senior Lecturers, A5024 – Lecturers.

2.3.1.4 Summer Teaching Budget cannot be moved to provide for costs of the regular academic terms, except as authorized specifically by the Executive Vice President and Provost.
2.3.1.5 Unexpended faculty salary budgets may be used to fund Summer Teaching costs.

2.3.2 A&P, CLASSIFIED, AND REGULAR WAGE BUDGETS (Accounts A5011, A5041, A5050)

2.3.2.1 Funding must be in the appropriate cost center and account before any PAFs will be processed, except in extraordinary circumstances to be approved by the Budget Director or designee.

2.3.2.2 Available balances created by vacant A&P, classified, and regular wage positions cannot be moved to other positions unless the vacant position is eliminated or approved by the appropriate Vice President.

2.3.2.3 Available balances created by vacant A&P, Classified, and regular wage positions CAN be moved to account A6300 – Budget Other Expenses.

2.3.2.4 If a position is reclassified between A&P, Classified, and Regular Wage, the related budget for the newly reclassified position can be transferred into the appropriate account.

2.3.2.5 Transfers from account A6300 – Budget Other Expenses to fund increases in current A&P, Classified, and Regular Wage positions or new positions are permitted only under the following conditions:

2.3.2.5.1 With the understanding, for non-academic units, that the Budget Transfer used to fund the increase is your agreement for reduction in baseline M&O funding for the next budget development cycle (permanent budget transfer), in an amount equal to the full annual cost of the new position or position increase, including benefits.

2.4 BUDGET JOURNALS - SELF-SUPPORTING ACTIVITIES

2.4.1 Budgeted revenue estimates are expected to be realistic. If it is determined that any budgeted revenue estimate is overstated, the unit must reduce the budgeted revenue.

2.4.2 If the reduced revenue estimate would result in a deficit budgeted fund balance, the unit must make necessary reductions in operating costs so that the operations are budgeted within available funding.

2.4.3 If the budgeted revenue estimate is understated, the unit may increase the budgeted revenue. The reason for increased revenues must be documented. If this increase results in a budgeted fund surplus, the increased revenue may be used to increase the related operating budgets.

SECTION 3 POSITION CONTROL

Position Management is used to organize, establish, and track positions. A "position" is a group of duties and responsibilities to be assigned to an employee. Focusing on the position itself allows tracking of information related to the position, regardless of whether it is vacant or an employee is assigned to that position. The Budget Office is responsible for the maintenance of position data.
3.1 FACULTY POSITIONS

3.1.1 The Executive Vice President and Provost is responsible for position control for Faculty positions, and will, therefore, provide any necessary instructions to Deans and others relative to additions of FTE to the Faculty Salary category.

3.1.2 Faculty must be appointed for nine-month terms. This funding can be derived from multiple cost centers.

3.1.3 Appointments for less than nine months are permitted only if it is anticipated that the position will exist for that lesser portion of the year.

3.1.4 All lecturers will be considered non-budgeted positions with lump sum budget pool established during the budget process.

3.2 A&P and CLASSIFIED POSITIONS

3.2.1 Persons appointed to A&P and Classified positions must be appointed for the full fiscal year. Position funding can include multiple cost centers.

3.2.2 Appointments for less than twelve months are permitted only if it is anticipated that the position will exist for that lesser portion of the year.

3.3 Teaching Assistants, Research Assistants, Wages, Student Workers and Work-study

3.3.1 TA’S, RA’s, student workers, work-study students and non-benefit eligible hourly workers are considered non-budgeted positions, with lump sum budget pool established during the budget process.

3.3.2 All TA appointments must be approved by the Executive Vice President and Provost or designee. TA’s may be appointed on a 9 month basis and considered benefit eligible employees.

3.4 New Positions and Reclassifications

3.4.1 Requests for new staff (benefits eligible A&P, Classified and Wage) positions, replacements for existing positions, and reclassifications will be requested using the new Position Review and Request Form (PRR). Please refer to the 2014 HR Guidelines on Staff Positions and Salary Actions or the Budget Instruction Manual.

3.5 EMPLOYEE BENEFITS

3.5.1 State Cost Centers - Benefit budgets have been centralized for all cost centers funded from E&G base-line budgets. During payroll distribution, benefits are charged to the state benefit budget pools.

3.5.2 Baseline Cost Centers - If adding a position or transferring a position into cost centers funded by non E&G, a one-sided Budget Transfer should be prepared to transfer the cost of benefits to the central fee benefit cost center from the cost center funding the position. For benefit eligible employees, Transfer 30% of the salary; for non-benefit eligible employees, transfer 15% of the salary/wages.

3.5.3 Designated Tuition Teaching Assistant Cost Centers - Benefit costs for Teaching Assistants (TAs) paid from Designated Tuition TA cost centers are budgeted and
funded centrally. Benefits for TAs assigned to other cost centers must be funded by the department. Benefits estimated for TAs are 30% of salary.

3.5.4 **Self-Supporting Cost Centers** - For all non-baseline budget cost centers, excluding the exceptions listed above, benefit costs are budgeted and paid from the cost center paying the salary.

**3.6 REALLOCATIONS**

3.6.1 **Requirements:**

3.6.1.1 Salaries and wages cannot be paid from cost centers with fund code 9xxx; No items may be assigned to suspense accounts.

3.6.1.1.1 Cost transfers for Contract and Grants occurring after 90 days of the original transaction and/or exceeding five percent (5%) of the annual award, must be approved by the VP for Budget and Finance and the Office of Sponsored Projects.

3.6.1.1.2 Requests for reallocations of salaries, wages and related taxes and benefits must be made within 90 days of expense.

3.6.1.1.3 Prior year correction of expenses may be processed as a journal voucher instead of a reallocation as determined by the Budget Director with regard to system process capability.