TO: Vice Presidents, Deans, and Department Heads

FROM: Terry Pankratz
vice President for Budget and Finance

SUBJECT: Preparation of University of Texas at Dallas Operating Budget for FY 2017

The University of Texas at Dallas operating budget for FY 2017 is due to UT System on May 20th and subject to Board of Regents approval in August. The following budget process along with specific UT System instructions must be followed.

**BUDGET PROCESS**

Budget preparation will be in two phases. The first phase will involve building and balancing the primary operating budget. The second phase will be used to allocate merit increases.

The first phase will begin this week with the opening of the PeopleSoft Budget Planning Module (BPM) to the University community. The BPM will be utilized to prepare expense budgets and prepare income estimates for self-supporting cost centers. Due dates will be determined by the Budget Office and communicated to you in sufficient time for budget balancing and completion.

The next phase of the FY 2017 budget development involves the distribution of merit. Detailed merit instructions will be issued prior to beginning the merit phase. Approved merit amounts should be entered into the Merit tab of the BPM, balanced to merit allocations, and completed by Monday, April 18, 2016. Please note that participation in the UT Dallas merit program is subject to the completion of annual performance evaluations. Please refer to [http://www.utdallas.edu/hrm/er/pm/appraisals.php5](http://www.utdallas.edu/hrm/er/pm/appraisals.php5).

Per direction of President ad interim Wildenthal, certain non-academic departments are subject to a 5% reduction in their core budget allocations for FY 2017. This allocation reduction should be considered permanent. The Budget Office has provided final reduction calculation amounts and worked with Divisions to identify Campus Group fund allocations that will be reduced. We appreciate your cooperation in helping achieve this budget reduction goal.

All departments must ensure budgeted expenditures do not exceed estimated funds available. Core fund allocations and expenditures must be balanced before submittal of the budget in BPM. For non-core and self-supporting activities, total funds budgeted shall not exceed realistic departmental estimates of income and balances brought forward.
GUIDELINES

The following guidelines must be followed to ensure that budgeted expenditures remain within funds available:

Revenue Cost Centers

Budgeted revenue estimates are expected to be realistic. 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 expenditures are budgeted within available funding.

If the FY16 budgeted revenue estimate is understated, the unit may increase the budgeted revenue for FY17. 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. An explanation must be provided for budgeted revenue that significantly changes from the prior year. A significant fluctuation is defined as a change that is $10,000 (plus or minus) or greater and is 15% or more of the prior year's budgeted amount.

Cost centers which have a zero fund balance and zero activity projected for the following year should be inactivated.

Service Center Cost Centers

All Service Center cost centers must have an approved annual rate study on file. All rate studies were due to Accounting and Financial Reporting by March 4, 2016.

Salaries

As part of the budget process, the Office of Human Resources will review all staff salary increase submissions prior to final approval. The Office of Human Resources Compensation Standards & Practices can be found at the following link: http://www.utdallas.edu/hr/compensation/standards/. FY17 merit instructions and guidelines will be released with the opening of the merit phase of the budget cycle. These guidelines and standards provide detailed instructions for new positions, replacements for existing positions, reclassifications and requirements of the merit program.

Salaries for budgeted positions which have been approved and are intended to be filled for the fiscal year being budgeted should be included in the department’s budget submission. Salaries for all active employees must be budgeted during the budget process with the exceptions listed below:

- Employees who have submitted written notification of their intent to resign prior to the start of the fiscal year being budgeted: these positions should be budgeted as vacant.
- Salaries for Lecturers I, II, & III, Graduate Students, Research Assistants, Teaching Assistants, and non-budgeted hourly workers, including students and temporary staff, will be budgeted in lump sums. Appointments for these employee groups will be completed in August 2016.

New Positions: Faculty, Administrative & Professional and Classified

New positions must be approved by Human Resources and the appropriate Vice President or Executive Vice President and Provost before they can be entered into the BPM.
The salary of a new Administrative and Professional position or an increase for an employee promoted to an Administrative and Professional position shall be established in consultation with the Associate VP for Human Resources and the appropriate Vice President, Executive Vice President and Provost, or Executive Director.

Employee Benefits

Employee benefits have been centralized for all cost centers funded from core funds.

Self-Supporting Cost Centers - For all non-core budget cost centers, benefit costs are budgeted and paid from the cost center paying the salary. Benefits are automatically calculated in the BPM and based on current benefit rates. Benefit costs for Additional Pay will also be charged to non-core budget cost centers.

Other

All requests for increases in funding must include written justification and be approved by the President.

Longevity Pay

Budgeting for longevity pay will be handled in the following manner:

Longevity pay for accounts funded from Core Funds will be budgeted in a central benefits cost center to be centrally administered, and no action is required.

For Non-Core cost centers, longevity will be calculated by the BPM and will be budgeted to cover the estimated fiscal year’s expenditures in the benefits account Longevity Pay.

Longevity pay is paid to eligible employees at the rate of $20 per month for each two years of lifetime service credit. The maximum monthly longevity amount caps on the 42nd year of service or a maximum of $420/month.

Wages

Required funding for student workers and other temporary employees who are non-exempt should be budgeted as Hourly Wages (lump sum). The following information is presented to assist in your planning.

- Minimum wage in FY 2017 is $7.25.
- Overtime: Anticipated overtime costs for non-exempt positions should be included in this category. Non-exempt employees who work in excess of 40 hours per week must be compensated at 1.5 times their regular rate of pay, unless the extra hours worked are banked as compensatory time. Exempt employees are not eligible for overtime or compensatory time.

Maintenance and Operations

Budgets should be based on realistic estimates of actual needs.
Travel

Travel expenses in all cost centers should be budgeted based upon the UTD travel guidelines. These guidelines are available at http://www.utdallas.edu/procurement/departments/travel/.

Capital Equipment

A capital asset is real or personal property that has a value equal to or greater than the capitalization threshold ($5,000) and an estimated life of greater than one year.

Requests for New Cost Centers or Departments

If a new FY 2017 cost center or department will be needed, complete an online form found within PeopleSoft Galaxy, Staff Tools, Gemini Financials, Self Service, Forms.

Questions and Contact Information

Please direct questions regarding completion of your budget within BPM to Barbara Manzi, Manager of Budget Systems at ext. 6344 or via email at (Barbara.manzi@utdallas.edu). Additional assistance may be obtained by contacting Dave Gaarder, Interim Director of Budget and Resource Planning at ext. 6374 or (David.Gaarder@utdallas.edu).