February 21, 2014

TO: Vice Presidents, Associate and Assistant Vice Presidents, Associate and Assistant Provosts, Deans, Directors, and Department Heads

FROM: Terry Pankratz
Vice President for Budget and Finance

SUBJECT: Preparation of University of Texas at Dallas Operating Budget for FY 2015

The University of Texas at Dallas operating budget for FY 2015 is due to the System on May 12th to facilitate Board of Regents approval in August, as well as completion of the bi-annual Legislative Appropriation Request (LAR). In meeting this deadline, the process and guidelines adapted from the UT System budget instructions must be followed.

**BUDGET PROCESS**

Budget preparation will once again be in two phases. As in recent years, Phase I will represent the lump sum format budget and departmental validation. Individual salary recommendations will **not** be addressed in Phase I. The **primary** categories are Faculty Salaries, Non-Faculty Salaries, Hourly Wages, Fringe Benefits, Capital Equipment, Travel, and Maintenance & Other Expenses (M&O), and Unallocated Salaries. Please see attached calendar for the complete timeline for the FY 2015 development process.

Phase I begins in March with the distribution of the budget workbooks to the University community. Departmental user training will also be provided in February. The workbooks will be open to campus users on or about Monday, March 3, 2014, and will be utilized to prepare expense budgets and prepare income estimates for self-supporting cost centers. All entries are to be submitted to divisional Vice Presidents by March 17, 2014.

Phase II of the FY 2015 budget development will begin Monday, March 31, 2014. Phase II will be the distribution of merit program. Detailed merit instructions will be issued prior to opening the Phase II budget module. Approved salary recommendations should be entered into the merit templates, with all required completed forms to be returned by Friday, April 14, 2014. Please note that 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).

All departments must ensure budgeted expenditures do not exceed estimated funds available. Core fund allocations and expenditures must be balanced before submittal of budget templates. In non-core and self-supporting activities, total funds budgeted shall not exceed realistic departmental estimates of income and balances brought forward. Caution should be used in budgeting balances brought forward as these budgets must be sustainable in future years.

Available fund balances ending August 31, 2014 will be automatically carried forward to FY15. For Core cost centers, these amounts are in addition to allocations and should not be re-budgeted.
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 operations are budgeted within available funding.

If the FY14 budgeted revenue estimate is understated, the unit may increase the budgeted revenue for FY15. 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 submitted for any revenue projection that increases by 25% or more from the FY14 Revised Revenue Budget.

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

Service Center Cost Centers

All Service Center cost centers must have an approved annual rate study on file. All rate studies are due to Accounting Operations by March 3, 2014. Non-Compliance with rate study requirements will result in loss of budget authority.

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 FY'15 Budget Salary Action Guidelines will be released with the opening of the Phase I budget cycle. These guidelines will 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 listed on 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.
- Lecturers I, II, & III, Graduate Students, Research Assistants, Teaching Assistants, non-budgeted hourly workers, including students and temporary staff: salaries for these employees will be budgeted in lump sums. Appointments for these employee groups will be completed in August 2014.

New Position: Faculty, Administrative & Professional and Classified

New positions must be approved by the appropriate Vice President or Executive Vice President and Provost. Exception: Callier Center is exempt from this requirement. Movement of positions from other funding sources to cost centers funded by baseline budgets is considered an increase in FTE, and this provision applies.
New positions should be added during the annual operating budget development process. 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 Assistant 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 budget funds. Please see the Budget Development Instructions Manual for a list of core funds.

Self-Supporting Cost Centers - For all non-core budget cost centers, excluding the exceptions listed above, benefit costs are budgeted and paid from the cost center paying the salary. Benefits are estimated at 30% of salary for benefit eligible employees and 10% of salary for non-benefit eligible employees.

**Other**

All requests for increases in funding must include written justification.

**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 special cost center to be centrally administered, and no action is required.

Sufficient amounts should be budgeted to cover the estimated fiscal year’s expenditures in the lump sum item Longevity Pay in each non-core salary paying cost center in the following fund groups:

- Service Departments and Non-Core Designated Funds
- Auxiliary Enterprises (4xxx)
- Restricted Funds (5xxx and 6xxx)

Longevity pay shall be 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 (part-time clerk, etc.) should be budgeted as Wages. Wages will be budgeted as a lump sum. The following information is presented to assist in your planning.

- Minimum wage in FY 2015 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 policy. This policy is available at http://www.utdallas.edu/procurement/departments/travel/.

No funds should be budgeted for the reimbursement of partial per diem when traveling on official business that does not require overnight stay.

Capital Equipment

Capital assets are real or personal property that have an estimated life of greater than one year. An asset that has a value equal to or greater than the capitalization threshold must be capitalized. Building purchases, construction, and improvements can be capitalized; however, building maintenance and repair cannot be capitalized (must be expensed).

Requests for New Cost Centers or Department Numbers

If a new FY 2015 cost center will be needed, contact the Systems Administration Manager in the Office of Accounting and Financial Reporting and complete the Cost Center Request Form at https://solutions.sciquest.com/apps/Router/Home?tmstmp=1393012927780.

Request for new departments can be forwarded to Kelly Linder (kelly.linder@utdallas.edu) or Rohan Nilekani (rohan.nilekani@utdallas.edu) in the Office of Budget and Resource Planning.

Questions and Contact Information

Please direct questions regarding completion of the budget development workbooks 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, Assistant Director of Budget and Resource Planning at ext. 6374 or (David.Gaarder@utdallas.edu); or Kim Laird, Interim Director of Budget and Resource Planning at ext. 4784 or (Kimberly.Laird@utdallas.edu)