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 FY14

March 14, 2013

The University of Texas at Dallas operating budget for FY 2014 is due to the System on June 15th to facilitate Board of Regents approval in August. 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 which will be submitted to the Board of Regents for approval. Individual salary recommendations will not be addressed in Phase I. The primary categories are Faculty Salaries, Non-Faculty Salaries, Unallocated Salaries, Hourly Wages, Fringe Benefits, Capital Equipment, Travel, and Maintenance & Other Expenses (M&O). Please see attached calendar for the complete timeline for the FY 14 development process.

Phase I budget preparation begins Monday, April 15, 2013 with the distribution of the budget workbooks to the University community. The budget worksheet may be utilized to prepare expense budgets, prepare income estimates for self-supporting cost centers, and request funding for capital, equipment, and space renovations. All entries are to be completed by Friday, April 26, 2013. Signed copies of the Budget Submission form with Vice President, Dean, or designee approval should be scanned into the department secure drop box. Please send notification to the Budget Office that budget entry has been completed and approval has been granted via email to budget@utdallas.edu.

Phase II of budget preparation, the merit distribution process, will begin Monday, May 27, 2013. Detailed merit instructions will be issued with the workbooks. Approved salary recommendations should be entered into the Merit workbook, with completed forms to be returned by Friday, June 7, 2013. Account administrators should verify salary recommendations submitted during Phase II, and submit a signed submission approval form.

All departments must ensure budgeted expenditures do not exceed estimated funds available. In 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.

Unencumbered Educational and General (E&G) and Designated Tuition balances in academic unit cost centers will be automatically carried forward to FY 2014. Non-academic units must request special authorization for carry-forward. 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 FY13 budgeted revenue estimate is understated, the unit may increase the budgeted revenue for FY14. 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 FY13 Revised Revenue Budget.*

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

**Salaries**

Salaries for 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, hourly workers, including students and temporary staff: salaries for these employees will be budgeted in lump sums.

As part of the budget process, HR will review all staff salary increase submissions prior to approval.

**Employee Benefits**

*State Cost Centers* - Benefit budgets have been centralized for all cost centers funded from baseline budgets. Please see the Budget Development Instructions Manual for a list of baseline funds.

*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.

*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. Benefits are estimated at 30% of salary for benefit eligible employees and 15% of salary for non-benefit eligible employees.
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 accounts funded by baseline budgets is considered increases 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.

Requests for new (benefits eligible A & P and Classified) positions, replacements for existing positions, and reclassifications will be requested using the new Position Review and Request Form (PRR). Please see the 2014 Human Resources Guidelines on Staff Positions and Salary Actions for detailed instructions.

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 General Revenue will be budgeted in a special account 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 salary paying account in the following fund groups:

- Service Departments and Designated Funds (3xxx)
- 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 lump sums. The following information is presented to assist in your planning.

- Minimum wage for student workers and other temporary non-exempt employees in FY 2014 is $7.25.
- Overtime: Anticipated overtime costs for both 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.

Travel

Travel Expenses in all accounts should be budgeted based upon the UTD travel policy. This policy is available at https://www.utdallas.edu/business/procure/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 (8XXX)

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).

Items previously approved as capital equipment may be budgeted as a lump sum. Requests for new capital equipment needs must be submitted in the budget workbook Equipment, Space Renovation and Faculty Start-Up Form. Please see the budget instruction manual for details on completion of this form.

Maintenance and Operations

Budgets should be based on careful estimates of actual needs.

Requests for Faculty Start-Up Funds

New funding requests for faculty start-up funds should be documented by completing the Equipment, Space Renovation and Faculty Start-Up Form in the departmental budget workbook. Please identify the requested funding by type of expense and also by fiscal year. Detailed instructions for completing this request are included in the budget instruction manual.

Requests for New Cost Centers or Department Numbers

If a new FY 2014 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.scisolution.com/apps/Router/FavoritesFormsBrowse?tmstmp=1362780400196

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