

FY20 Budget: Process Updates

3/11/19

Budget Approach for FY20:

- Admin & Finance has formulated a revenue projection for FY20 and has budgeted up front for USM-required 1% fund balance contribution (\$2 million) and 2% facilities renewal (\$11.5 million), the SU 1% budget contingency (\$2 million), auxiliary plant fund projects (\$1.75 million) and non-control budgeted expenses (\$2.75 million).
- The remaining projected revenue dollars represent the total allowable control budget for the institution. The overall allowable budget amount for all control budgeted departments is a lower amount than in past years because SU will be budgeting for the above required USM obligations and contingencies up front and not budgeting eventually for every fully or partially vacant PIN.
- Each VP/division will be given a target budget amount (on or about March 13) based on the projected revenue and historical spending/expenses. The divisional budget allotments are based on a 3-year average of actual expenses by division. The **total** of the departmental budgets within each division cannot exceed the target dollar figure for the division.
- The divisional VP has autonomy to determine the budget process for the division.
- Admin & Finance has initially loaded the budget templates with 100% of the 01 budget dollars based on the full complement of PINs in each department/division even if PIN vacancies are expected.
- The department/division will have the ability to manage the 01 budget pool (ex: shifting 01 dollars that are not going to be spent to cover other costs in 02 and 03). This will require communication with Admin & Finance via comments in the budget template so that everyone is aware of how and why the 01 budget pool in any given department is no longer budgeted at 100% for the year.
- Admin & Finance will provide whatever support (e.g., reporting, planning, etc.) divisions, schools, units or departments need.

Operational Highlights:

- **Timeline:** The FY20 budget template opened on March 8th reflecting FY19 spending through February (Period 8). Departments/divisions will have until May 1st to submit fully approved budgets to the Budget Office, but divisional VPs may set their own deadlines (prior to May 1) for departments or units/schools to submit budgets. Departments will work through their divisional VP when formulating the FY20 budget. The division will be responsible for ensuring the total of all departmental budgets do not exceed the FY20 target budget.
- **Professional Development:** Two new account codes have been created for Professional Development: 040405 (Travel Prof Dev) and 119010 (Equipment Prof Dev). The intent of these accounts is to provide a place to budget for faculty professional development (target amount is \$1,000 per full-time faculty member). Actual expenses related to professional development should be expensed using the appropriate account code(s).
- **Telecommunications:** Telecommunications will utilize the same chargeback amount for telephones: \$16.82 per month per line.

- **COLA:** The governor has proposed a 3% COLA in the FY20 budget and at this time we are working under the assumption that the 3% COLA will not go into effect until Jan 1, 2020. We have loaded the budget templates with PIN salaries equivalent to a 2.01% increase - .5% increase effective Apr 1, 2019 and the 3% COLA effective Jan 1, 2020 (1.5% effective rate). for all PINs including those that are currently vacant. Departments are able to manage the 01 budget, using anticipated salary vacancy savings (i.e., salvage) for alternate budget needs including 02 and 03 budgets.
- **01 Budget:** Management of the 01 portion of the budget is new for FY20. There will need to be significant coordination in the formulation and approval of each departmental budget. The person in the budget entry role will only see the listing of PINs and current names, not the salary associated with the PINs. If there is a need to use PIN salary salvage in another area of the budget, the budget office will need to assist with the reduction of the 01 costs in the budget template. **It is critical that the comment section of the 01 PIN page be utilized to communicate any known PIN status changes.**
- **02 Budget:** Current and updated rates for 02 contracts (adjunct/overloads) have been provided within the budget template on the 02 worksheet. Fall contracts should be budgeted for at the FY19 rates, spring contracts should be budgeted for at the new rate, which includes the COLA increase. CII and FTNTT/PTNTT faculty (working 50% and above) are also eligible for the 3% COLA. To account for that increase, please increase the current year salary by 2.01% (represents 3% COLA that goes into effect on Jan 1, 2020 and the .5% increase that will go into effect on April 1, 2019).
- **Minimum Wage:** At this time, we are working under the assumption that the minimum wage increase to \$11.00/hour will not go into effect until Jan 1, 2020. Please budget accordingly for the fall and spring semesters.
- **Additional Employee-Related Expenses:** please remember to budget for the following payroll expenses: tuition remission, shift differential and overtime. In addition to these expenses, departments can also incur expenses related to leave payout when an employee resigns or retires. Workers comp charges for FY20 will be communicated directly to the departments that will be incurring these expenses.

Budget Template Updates:

- New tab labeled "Print". This tab combines the information from the individual budget pool tabs into one location for printing purposes. Only account codes that include data are transferred to this tab for printing.
- Comments from the previous year are displayed on each tab at the account code level (not the overall budget notes tab). There is a copy function that will allow you to copy the current year comments (FY19) into the future budget year (FY20).
- The 02 worksheet is now included in the budget template. This new tab was designed using the logic from the 02 excel worksheet that we utilized last year. The 02 worksheet tab will gather the costs by account code and transfer those costs automatically to the 02 expense tab.
- There is an automated email notification process to alert approvers when a budget is ready for review: Budget Entry>Budget Administrator>AVP/Dean. There is not a process to notify the VP/Provost. Given that they have so many budgets to review, the emails could become overly

burdensome. Instead, they are able to see the budget template status by department directly in the system.

- Comment windows can now be expanded to see full comment on the screen.
- A “Save” button is now available at the top of each tab as well as the bottom of the page.
- There is now a record of the username and date/time on each account code line. This will enable the user to see who last changed a line item in the budget.
- There is a new field on the approval tab for the user to specify if there will be a new budget administrator for the upcoming fiscal year.
- There is a new checkbox on each budget pool tab to indicate one-time expenses. This is helpful for the budget office to know if there is a planned purchase that is contributing to the budget total for the upcoming year. If that box is checked, the template will require a comment be entered as well.