UNIVERSITY OF LOUISVILLE.

Budget Instructions for the Development of the FY 2017-18 Operating Budget

Welcome to FY 2018 Budget Development! This document serves as a guide to the budget development process, including what each unit must do and the expected timeline for each activity.

Contents

Position Comparison Report

What is it?

This report compares the salary amounts, by position, in the Budget Preparation System (BPS) (Plan Year), Position Management (PM) (Current Year) and Human Resources (HR) (Current Year) systems.

Why is it important?

Salary differences among BPS, PM, and HR systems increase the need to process new year JDCs and PARs. It also makes it difficult for units and the university to accurately assess the commitment of financial resources to personnel expenses.

What do I have to do?

The budget staff will send you this report periodically during the budget development process. At those times, please review the report and correct any discrepancies in the system(s) that are incorrect.

What else should I know?

Some variances with this report are ok. A few examples are the one-day variance for non-exempt employees and lump sum and reallocation pools. Other variances should be corrected and may be the result of in-range adjustments, promotions, reclassifications, etc. To correct these, if the error is:

- in BPS, adjust the position funding and offset the change if funded CAR (e.g. internal reallocation); or
- in PM and/or HR, use the PAR and JDC forms to revise the salary amount.

Salary data in BPS will be used to calculate merit increase pools.

Where do I go for additional information/forms/etc.?

Contact your budget analyst.

When is it due?

There is no single due date. We ask, however, that you review the report each time it is distributed and promptly correct any discrepancies. All variances should be accurately reflected in BPS before the system closes to ensure that merit pools are calculated correctly.

Program Budgets

What is it?

Programs that provide a service to individuals, departments or outside entities for a fee. These programs are also referred to as "Self-Supporting Entities". These program numbers start with '1', '4' or 'S'. As self-supporting programs, they are assessed an administrative overhead fee of 12% on applicable expenses.

Why is it important?

Program budgets are responsible for their own revenues as well as expenditures, including any salary increases. Deficits must be covered by the unit.

What do I have to do?

1) Run the budget worksheet for each program budget for which you are responsible (save a copy for reference if you want). The worksheet shows 3 years of actual revenues and expenditures, 6 months for the current fiscal year, plus the current year and plan year budget amounts.

2) Using the history of actual revenues along with current year actuals, and knowledge of remaining revenue to be received, estimate the revenue for the plan year. During January and February, budget analysts will be available to meet with each LFO to aid in projecting revenues.

3) Once finished, notify your budget analyst that all estimated revenues are finalized, and the analyst will update the revenue side of the budget system.

4) For expenditures (salary and operating), an estimate of fringe benefit rates will be pulled into the budget worksheet. Salary increases will be handled the same as recent years.

5) Rerun the budget worksheet (save as a reference again if you want) to make sure that it is a balanced program budget (revenues = expenses).

Where do I go for additional information/forms/etc.?

The budget worksheet can be found through University Reports in Financials -> Financials-Department-Planning -> *Self-Supporting Entity Budget Worksheet.* Contact your budget analyst if you have any questions or need additional guidance. If you have a question about the administrative fee, please contact Chris Hodgkins in the Budget Office.

When is it due?

Revenue projections are due to the Budget office in early February. Balanced and final program budgets must be completed by the end of March.

Unit Narratives

What is it?

The University's Operating Budget Book includes a narrative section about each academic and support unit that summarizes the unit's mission, goals, and accomplishments. The narrative also details significant year-over-year budget changes.

Why is it important?

These narratives highlight your unit's activities and successes. Plus, the final budget book is presented to the Board of Trustees and published on the University's website.

What do I have to do?

In early January, your budget analyst will send you last year's narrative along with a template for FY 2018. Please follow the instructions that will accompany that email.

Where do I go for additional information/forms/etc.?

Consult with your budget analyst as needed. For content, the best results from your unit will come from within!

When is it due?

The anticipated due date is mid-March.

Reorganizations

What is it?

Reorganizations are modifications to the budget reporting structure of an existing department and/or program. Frequently this involves changing department numbers, combining or separating departments, moving programs from one department to another, or inactivating programs and/or departments.

Why is it important?

Proper organization is essential to accurately tracking financial activity within a unit.

What do I have to do?

If your unit has a reorganization, you should complete the template that will be distributed in early January. Then return your completed template to your budget analyst.

Please do not include grant-funded positions in any reorganization. If there is a change to how those positions are funded or to their program or department affiliation, please contact the Office of Sponsored Programs Administration.

Where do I go for additional information/forms/etc.?

Contact your budget analyst with questions or additional information.

When is it due?

All reorganizations are due to the Budget Office by mid-March.

Salary Increases

What is it?

Merit or across-the-board increases in employee salaries and wages.

Why is it important?

In order to attract, recruit, and retain the best employees, the University recognizes the importance of providing competitive compensation packages. With some exception—particularly for program budgets and non-general fund budgets—the University typically funds the salary increase.

What do I have to do?

We do not have specific guidance about salary increases. If a decision to increase salaries and wages occurs, we will provide additional information about the process at that time.

Where do I go for additional information/forms/etc.?

Contact your budget analyst.

When is it due?

Undetermined.

Faculty Promotions

What is it?

Faculty promotions are changes in rank (e.g., from assistant professor to associate professor). According to the University's Red Book, "each faculty member shall be reviewed for promotion in rank" per Sec. 4.2.2.H. Promotions follow a specific review and approval process that culminates with the Board of Trustees either granting or denying each promotion recommendation.

Why is it important?

Faculty promotions come with a 10% salary increase on top of any merit or across-the-board salary increase.

What do I have to do?

Once the Board of Trustees approves a promotion, the salary increase must be loaded into BPS. Your analyst will coordinate that effort with you to ensure that the correct increase is loaded.

Where do I go for additional information/forms/etc.?

Contact your budget analyst.

When is it due?

Typically, faculty promotions occur around April or May.

Salary Credits and Prior Year Reductions

What is it?

Salary credits and prior year budget reduction credits are placeholders in a unit's budget that offset a position's salary or a unit's operating budget, respectively. Both credits are temporary solutions to a permanent change in a unit's budget. The credits provide a limited window of time for a unit to determine how to permanently allocate a budget reduction. To remove the credits, units must permanently reallocate funding within the unit or, in the case of program budgets, grow revenues.

Why is it important?

A unit's budget should accurately identify how all resources will be used. Salary and other budget credits temporarily limit that ability.

What do I have to do?

Permanently reallocate resources within your unit's budget to remove all outstanding credits.

Where do I go for additional information/forms/etc.?

Your budget analyst will provide a list of all salary credits and budget reductions in BPS.

When is it due?

Prior to the close of BPS, estimated to be April.

Gifts and Endowments

What is it?

All programs starting with 'E' are endowments and those starting with 'G' are gifts.

Why is it important?

Gifts and endowments represent a significant share of the University's operating budget. It is important that each unit fully utilize these resources in accordance with the donor's wishes.

What do I have to do?

In University Reports, run the *Endowment Worksheet* in Financials -> Financials-Department-Analysis, to show revenues and expenditures budgeted on each endowment. As in prior years, it is expected that the two 80% rules still apply, subject to waivers. First, that no more than 80% of FY 2017 carryover is budgeted in FY 2018, and second, that salaries plus fringe benefits do not exceed 80% of FY 2018's spending policy. The University of Louisville Foundation will typically distribute endowment spending policy information in early March.

Determining the amount of FY 2017 carryover rests with the LFO. Carryover can be determined by looking at current expenses, estimating the remaining amount that will be spent, and budgeting what is leftover as carryover in BPS using account codes ending in 999.

Please ensure that the two 80% requirements are met and the total budget does not exceed the spending policy. Then, please let your analyst know that your budget is balanced. We recommend that you save a copy of the Endowment Worksheet report for your own reference. Please remember that carryover in BPS appears as an account code ending in '999'.

Where do I go for additional information/forms/etc.?

University Reports will have all the information in the Endowment Worksheet report. BPS will have the information regarding the upcoming fiscal year's budget. Any questions regarding the waiver of the reinvestment rule should go to Mike Kramer. Questions about waiving the 80% rule for salaries and fringe benefits should be directed to Rick Graycarek. Contact your budget analyst for all other questions.

When is it due?

Once the FY 2018 endowment spending policy has been distributed, we will distribute a specific timeline.

Clinics and Academic Support Programs

What is it?

These programs start with 'C' or 'P' and represent revenue and expenditures from patient care and laboratories such as primary care, radiology, neonatal care and cardiology and many others. The care is provided by Health Science Campus faculty and residents at local hospitals or medical clinics.

Why is it important?

These funds help support the academic mission of the Health Science Campus.

What do I have to do?

Beginning with the development of the FY 2018 budget, clinic and APS programs will be budgeted in the new HSC budget system under the guidance of the HSC Financial administration.

P1 programs (Medicaid) will be budgeted in the HSC Budget System. Please note that the budget will not roll into the general ledger as these programs are appropriation linked.

These programs should be self-supporting. Every Cxxxx and Pxxxx program budget should be balanced and include accurate revenue and expenditure projections.

Where do I go for additional information/forms/etc.?

HSC Financial Administration

When is it due?

All clinical and APS programs should be completed by the end of March.

FY 2018 Budget Development Timeline

UNIVERSITY OF LOUISVILLE

Activity	2016						2017						2017	
	July	August	Sept.	Oct.	Nov.	Dec.	January	February	March	April	May	June	July	August
Gather Information - Utilities, Fringe & General Instituional Exps														
Program Budgets							Revenue Estimates		Final After Fringe					
Unit Narratives									Due 3/15					
Reorganizations									Due 3/15					
Equity Increases														
Salary Increases*									BoT TBD					
Salary Credits & Prior Year Reductions														
Faculty Promotions									BoT TBD					
Endowments and Gifts									Due TBD					
Clinics and Program Support							Revenue Estimates		Due TBD					

* All due dates are proposed at this time.

Estimated Budget System Closures