



Budget Instructions

FY 2019 Operating Budget

Office of Budget and Financial Planning

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Overview

Welcome to the development of the FY 2019 Operating Budget! This document is a guide to the budget development process. It includes a list of budget assumptions, descriptions of each budget activity that must be completed, and a timeline of the process.

Baseline Budget for General Funds

The starting point for the FY 2019 general fund budget is the adopted FY 2018 general fund budget amount for each unit.

It is important that the university remain proactive and conservative in the development of the FY 2019 general fund budget. External factors, such as the Commonwealth's public pension liability, are likely to affect state appropriations to public postsecondary education institutions. In fact, Governor Bevin told university and college presidents this fall to expect a significant funding cut in the 2018-2020 biennium. Other factors, some beyond the university's control, could also affect revenues and/or expenditures. Consequently, it is rational for the university to plan its budget with similar prudence.

Developing Your Unit's Budget

Begin developing your unit's budget by projecting all available revenue resources.

- FY 2018 general fund base
 - Program budgets
- Gifts
- Endowments
- Grants
- Clinical
- Other (e.g., Athletics)

Then align expenditures with available resources according to the mission and priorities of your unit.

Budget Assumptions

In order to provide sufficient time for you to work on your unit's budget, we begin the budget development process before several decisions have been settled. For example, the state legislature will not adopt its biennial budget until April 2018. As soon as these and other decisions are final, we will share that information with you. In the meantime, please use the following budget assumptions to guide your budget work.

- A. Merit increases—decision pending
- B. Fringe benefit rates per the table found on page 5
- C. Administrative overhead fee of 12%, unchanged from FY 2018
- D. Endowment spending policy amounts equal to FY 2018
- E. No endowment carryover
- F. No general fund carryover, except for programs that retain their own cash

Budget Development Timeline

The budget development timeline lists all budget-related activities and their due dates. LFOs should routinely reference this information.

Budget Activity	Due Date	Page Reference
Positions		
Faculty promotions	March 30	4
Fringe benefits	Informational only	5
Position updates	Various	7
Salary and wage adjustments	April 9	8
Operational		
Clinics and Academic Program Support	March 30	9
Gifts and endowments	TBD	10
Information Technology	Informational only	11
Program budgets (1*, 4*, S*)	March 30	12
Sponsored Programs (Grants)	March 30	13
Organizational		
Reorganizations	March 23	14
Unit narrative for budget book	March 30	15
Budget Requests		
New funding requests	TBD	--
Revenue targets	TBD	--
Budget Reports		
BPS	Closed on April 9	3
SAS Visual Analytics	On-going	--

Budget Training Opportunities

In addition to the Budget Kickoff meeting on November 29, the Budget Office will schedule follow-up meetings with all LFOs in January and March. Emails about important budget issues will be sent to all LFOs as needed.

Staff from the Budget Office remain available for individual training sessions. Contact your budget analyst to schedule a date and time to meet. Appendix A lists each analyst's agency assignments.

Budget Preparation System (BPS)

What is it?

The Budget Preparation System, or BPS, is software used to manage the university's budget. It is accessed via PeopleSoft Financials. If you do not have access but need it, or need to request it for an employee, please use this form: <http://louisville.edu/provost/budget/forms/budgetaccess>, and send to your budget analyst.

Why is it important?

The budget, much like a personal budget, is a strategic financial planning tool for the university to allocate limited resources. It is required to have a balanced budget, where overall revenues equal overall expenses.

How do I access/navigate BPS?

After logging in, look for a compass icon in the top-right of the screen. Then select Navigator -> U of L Budget -> Panels (for planning year) or Previous Year (for current/prior years). For salary budgets, click Positions or for operating, click Current Expenses. The Budget Office primarily manages the Fringe Benefits panel. Within each panel, search the fields listed, such as department, program, and position. For a full walkthrough, please contact your budget analyst. We would be happy to provide training.

What reports can I get from BPS?

BPS can produce a variety of helpful reports, including, for example, the frequently used *Detail Department Expend*. To navigate to it, from the compass icon in BPS, click Navigator -> U of L Budget -> Reports. Then,

- Choose the *Add a New Value* tab, and create a new run control ID. This may be whatever you like, but a name like "Expenditure Budget" is fitting.
- You can then input your selection as to year, department, VP Code, or funding program, (ignore CSD).
- Once chosen, click "Run". Server Name should be PSUNX, then click "Ok".
- Click *Process Monitor*, then refresh until your query says posted.
- Click *Posted* and then the '.pdf' file. This will show expenditure budgets based on your entered criteria. Note: once fringe is posted, this report will increase exponentially in page length.

For most other reports, we recommend that you use SAS Visual Analytics. Its interface is more intuitive and allows for a simpler way of accessing financial data. SAS VA is accessible here: <http://saspar02.louisville.edu:7980/SASVisualAnalyticsHub/>.

Personnel

Faculty Promotions

When is it due?	March 30th
Description	<p>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.</p> <p>Faculty promotions come with a 10% salary increase on top of any merit or across-the-board salary increase.</p>

Process/What 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 the Office of Faculty Affairs or Linda Wilson for updates on the status of any promotion.

For budget information, please contact your budget analyst.

Fringe Benefits

When is it due?	No date
Description	The university provides employees with fringe benefits such as health insurance, tuition remission and retirement.

Process/What to do

Fringe benefits on general fund 0xxxx and 3xxxx programs are budgeted by program but held centrally until expensed. In the final stages of budget development, BPS calculates and posts fringe benefit amounts for each position in BPS based on current fringe benefit rates and eligibility. Fringe benefit amounts for vacant positions use a prorated amount, typically 25% of the full fringe rate.

When budgeting program budgets, gifts and endowments, an estimate of fringe benefits is calculated and pulled into the *Self-Supporting Entity Budget Worksheet*. The current fringe benefit rates, listed in the table below, will be used. Once fringe benefits have posted in BPS, staff from the Budget Office will check that each program remains balanced. As appropriate, increases or decreases to the operating budget for each program will be made by budget staff. Any changes will be shared with the respective LFO.

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

Fringe benefit amounts will populate the *Self-Supporting Entity Budget Worksheet* based on current rates. The worksheet can be accessed in 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.

Fringe Benefit Rate Information

Plan Type	Benefit Plan	Full-time .80 to 1.0 FTE (12 mon)	Full-time .80 to 1.0 FTE (10 mon)	Part-time .40 to .79 FTE (12 mon)	Part-time .40 to .79 FTE (10 mon)
University Paid Benefits					
10	Medical	719.47	863.36	315.39	378.47
20	Life	0.116 per 1,000	0.139 per 1,000	0.116 per 1,000	0.139 per 1,000
22	AD/D	0.015 per 1,000	0.018 per 1,000		
31	LTD	13.73	16.48		
3X	WMC	0.8 X base	0.8 X base	0.8 X base	0.8 X base
3U	Unemployment	6.52	6.52	6.52	6.52
3D	DB Retiree Health	30.50	36.60	18.36	21.96
3T	Tuition Remission	91.51	109.81	45.76	54.91
47	403B Vol ER match	2.5% X 403base	2.5% X 403base		
48	403B Mandatory	7.5% X 403base	7.5% X 403base		
6D	FSA Dep Care Waiver	\$175.00	\$210.00		
6H	FSA Health Care Waiver	\$175.00	\$210.00		

Position Comparison Report

When is it due?	Updates will be sent on January 8; February 12; and March 19
Description	<p>This report compares salary amounts, by position, in the Budget Preparation System (BPS) (Plan Year), Position Management (PM) (Current Year) and Human Resources (HR) (Current Year) systems.</p> <p>Salary differences among BPS, PM, and HR systems increase the need to process new year JDCs and PARs. Moreover, it is difficult for units and the university to assess the commitment of financial resources to personnel expenses.</p>

Process/What to do

The budget staff will periodically send you this report during the budget development process. Please review the report and correct any discrepancies.

What else should I know?

Some variances are okay. A few examples of expected differences include one-day variance for non-exempt employees, lump sum, and reallocation pools. Please correct other variances, which frequently occur because of in-range adjustments, promotions, or reclassifications.

If the error is:

- in BPS, adjust the position funding and, if funded CAR (e.g. internal reallocation) offset the change somewhere else in BPS (e.g. vacant position, reallocation pool); 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 Human Resources, Position Management, or your budget analyst based on the system of interest.

Salary Increases

When is it due?	To be determined
Description	<p>Merit or across-the-board increases in employee salaries and wages.</p> <p>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.</p>

Process/What to do

If a decision to increase salaries and wages from Leadership occurs, Human Resources and the Budget Office will provide additional information about the process.

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

Contact Human Resources or your budget analyst.

Operational

Clinics and Academic Support Programs

When is it due?	March 30, 2018
Description	<p>Clinical programs begin with Cxxxx. Academic Support Programs begin with Pxxxx.</p> <p>Clinic programs include revenues and expenditures related to patient care and laboratories on the Health Sciences Campus. They include financial support from affiliated hospitals for clinical services.</p>

Process/What to do

Clinical and APS programs are budgeted in the new HSC budget system under the guidance of HSC financial administration.

Clinical and Academic Support programs are self-supporting. Revenues and expenses for every Cxxxx and Pxxxx program should balance and use reasonable revenue and expenditure projections.

P1xxx programs (Medicaid) will be budgeted in the HSC Budget System but not BPS. Please note that these budgets will not roll into the university's general ledger as these programs are appropriation linked.

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

Please contact Anne Rademaker or Celeste Carter for instructions related to the HSC budget app.

For other budget questions, please contact Priscilla Tingle.

Gifts and Endowments

When is it due?	Pending ULF; expected at the end of March
Description	<p>Exxxx programs are endowments Gxxxx programs (in Fund 1020) are gifts</p> <p>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.</p>

Process/What to do

The University of Louisville Foundation will typically distribute endowment spending policy information in early March. At that time, 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 80% rule will apply. That is, salaries plus fringe benefits cannot exceed 80% of FY 2019 spending policy without express approval from the Budget Director.

Please ensure that the 80% salary and fringe benefit requirement is met and that each endowment budget does not exceed its FY 2019 spending policy amount. Before BPS closes, please check that your endowment budgets balance. We recommend that you save a copy of the Endowment Worksheet report for your own reference.

For gifts, please budget the gift amounts that you know or reasonably expect will be received in FY 2019. The Budget Office will ensure that the university’s gift total gift budget balances to the total expected by the Advancement Office. Budget staff will create G9999 programs to balance any difference between the guidance number and the amount that each LFO initially budgeted in BPS.

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.

Information Technology

When is it due?	Pending No due date; informational only
Description	The Office of Information Technology charges units for various phone and internet services. These expenses represent a significant portion of the total operating expense budget for many programs.

Process/What to do

Based on the communications price list found at this url, please include the following expenses in your budget.

<http://louisville.edu/it/departments/communications/telephones/communications-price-list>

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

Please contact the Office of Information Technology for specific questions about rates or billing.

Program Budgets

When is it due?	Revenue Projections – February 9 Final Balanced Budgets – March 30
Description	<p>Programs budgets (or self-supporting entities) are activities that provide a service to individuals, departments or outside entities for a fee. Program budgets start with '1', '4' or 'S'. Most self-supporting programs incur a 12% administrative overhead fee on applicable expenses.</p> <p>Program budgets generate their own revenues and pay for their own expenditures, including any salary increases. The unit must cover deficits.</p>

Process/What to do

- 1) Run the budget worksheet for each of your program budgets (save a copy for reference if you want). The worksheet shows 3 years of actual revenues and expenditures, plus 6 months for the current fiscal year, as well as the current year and plan year budget amounts.
- 2) Looking at historical revenue amounts and your knowledge of total anticipated revenues in FY 2018, estimate the revenue for the plan year (FY 2019). During January and February, budget analysts will be available to meet with each LFO to help project revenues.
- 3) Notify your budget analyst when you have completed your revenue forecasts; the Budget Office will update your program budget revenues in BPS.
- 4) An estimate of fringe benefit costs will populate the budget worksheet based on salary budget amounts. Program budgets typically fund the cost of their own salary increases.
- 5) Rerun the budget worksheet (save as a reference again if you want) to ensure it is balanced (revenues = expenses). If expenses are greater than revenues, (e.g., due to a salary increase), then lower operating expenses until it is balanced.

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

The budget worksheet can be found in 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.

Sponsored Programs (Grants)

When is it due?	End of March
Description	Externally funded grants and contracts support research-related activities across the university.

Process/What to do

For units on the HSC campus, grants are budgeted using the HSC Budget App. They will feed into BPS.

For all non-HSC units, please use the R9xxx program for your department to budget grant or contract funded positions. This is a research placeholder in BPS that rolls up to the R9999 program. Any position with research funding should have an R9xxx funding line in the BPS position panel.

Similar to budgeting gifts, grants will involve a coordinated effort between EVPRI and the Budget Office. Once the amount of grants, by unit, is projected by EVPRI, BFP will budget the amount of anticipated grants missing from BPS using R9999 programs.

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

Contact your budget analyst.

Organizational
Reorganizations

When is it due?	March 23rd
Description	<p>Reorganizations are modifications in the 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.</p> <p>Proper organization is essential to accurately tracking financial activity within a unit.</p>

Process/What to do

If your unit has a reorganization, please complete the template that will be distributed by early January. Do not include grant-funded positions in any reorganization. If there is a funding change to those positions, or to their program or department affiliation, please contact the Office of Sponsored Programs Administration.

Electronically send the completed form to your budget analyst.

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

Contact your budget analyst with questions or if you require additional information.

Unit Narratives

When is it due?	March 30th
Description	<p>The University’s Operating Budget Book includes a narrative section for each academic and support unit. It summarizes each unit’s mission, goals, and accomplishments. The narrative section also details significant year-over-year budget changes.</p> <p>Your narratives should highlight recent, significant activities and successes.</p> <p>The Board of Trustees will receive the final budget book. It will also be posted to the University’s website for public access.</p>

Process/What to do

In early January, your Budget Office analyst will distribute your unit’s FY 2018 budget book narrative along with a template for FY 2019. Please follow those accompanying instructions.

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!

Appendix A: Budget Analyst Unit/Area Assignments

Priscilla Tingle

Brandeis School of Law
College of Arts & Sciences
Executive VP for Health Affairs
J.B. Speed School of Engineering
School of Dentistry
School of Medicine
School of Nursing
School of Public Health and Information Sciences
Other Responsibilities: Cardiovascular Innovation Institute, Clinic Budgets, Endowed Chair Reporting, QCCT

Chris Hodgkins

Athletics
Executive VP and University Provost
Executive VP for Research and Innovation
Foundation Financial Affairs
Office of the President
School of Interdisciplinary and Graduate Studies
Sr. VP Finance and Administration
VP Community Engagement
VP University Advancement
Other Responsibilities: Debt Service, Financial Aid, Plant Fund, Reporting, Service Centers, System Training, SAS Visual Analytics

Renaldo Domoney

College of Business
College of Education and Human Development
Kent School of Social Work
Libraries
School of Music
Other Responsibilities: Bucks for Brains, Enrollment Analysis, State Appropriation tracking, State Budget Reports, UofL Hospital/QCCT, Tuition Reports, SAS Visual Analytics

Appendix B: Helpful Resources

Budget and Financial Planning website:	http://louisville.edu/provost/budget
Financial Responsibility Matrix:	http://louisville.edu/provost/budget/refinfo
SAS Visual Analytics:	http://saspar02.louisville.edu:7980/SASVisualAnalyticsHub/
PeopleSoft General Ledger Info:	http://louisville.edu/finance/systems
UofL's Policies and Procedures Library:	https://sharepoint.louisville.edu/sites/policies/library/