FY08
BUDGET PREP INSTRUCTIONS

PREPARING BUDGETS IN CUFS

OFFICE OF BUDGET AND FINANCE
http://www.budget.umn.edu

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Table of Contents: <u>Page</u>

I. OVERVIEW

INTRODUCTION

This document concentrates on building Org-level revenue and expenditure budgets in CUFS. Resource responsibility center (RRC) managers guide departments in using the on-line budgeting tables to set up annual budgets in CUFS. These budgets include allocations approved by deans, chancellors, senior vice presidents, or executive unit heads as well as resources expected in all other current, non-sponsored funds.

The FY08 budget prep process is similar to prior years. Budget Prep tables will open on **April 2** and close to general users on **June 6** and RRC managers on **June 14.** For users in the Academic Health Center (AHC) the general user deadline is June 4 and the RRC deadline is June 12. See **Appendix A** for a list of significant dates in the budget development process. It is anticipated that FY08 allocation information for academic units for use in entering budgets, will be distributed to deans, chancellors, and senior vice presidents, in late May. Preliminary allocation information for FY08 for support units was distributed in January 2007.

This document describes changes and provides information for the FY08 budget prep process. Specific instructions on how to enter budgets into CUFS tables are in the *FY87 Budget Prep Table Data Entry Reference* manual. The manual is provided to anyone who attends a budget prep training class, or by contacting Training Services at (612) 626-1373 or trngsvcs@umn.edu. It is also available at http://www1.umn.edu/ohr.img/assets/17269/BP_Ref_4-15-07.pdf.

EXPECTED OUTCOMES OF BUDGET PREPARATION

Participants in Budget Prep should strive to fully meet the following expectations:

❑ All budget input must be completed during the 8-week budget entry period. Tables open April 2 and close to general users on June 6 and to RRC managers on June 14.

❑ FY08 account information will be available in PeopleSoft HRMS beginning April 30, 2007.

❑ All budget information will be entered using the Budget Prep tables and the procedures described in these instructions. **Under no circumstances should departments attempt to enter FY08 budget lines using future dated (FY08) EB and RB documents.**

❑ Budgets will be prepared on orgs in all current, non-sponsored funds. For departments opting to participate in the equipment replacement/reserves program, budgets should also be entered on equipment replacement/reserve orgs in the plant fund.

❑ The budget prep tables are for entering approved budgets for fiscal year (FY) non-sponsored, current funds and selected plant funds only (not accounts with multi-year designations).

❑ Budgets represent annual plans; so budget adjustments should not be necessary throughout the year.

❑ All anticipated resources (carry-forward, FY08 allocations, revenues, and transfers-in), as well as expenditures and transfers-out, will be included in the budget plan. It is acceptable for a budget to have a positive ending balance, representing resources that will not be spent during the fiscal year. Ending balances do not need to be entered into revenue source codes or expenditure object codes.

They will, however, appear on the CUFS summary tables BMOD and RLUP. Ending balances are also on the UA821 and other month-end rollup reports that follow the basic budget model. Ending balances should <u>never</u> be budgeted in object code 9500, Departmental Reserves.

- University policy states that budgets at the area/fund level cannot be in deficit at fiscal-year-end. In other words, planned expenditures and transfers-out cannot exceed available and planned resources. Deficits must be cleaned up prior to fiscal-year-end.

- Generally, budget plans at the AREA level by FUND should not include structural imbalances. A structural imbalance occurs when recurring expenditures and transfers-out exceed recurring revenues and transfers-in, thus resulting in a deficit over time. The imbalance must be corrected by either decreasing recurring uses or by increasing recurring resources.

- Due to the adoption of the Earned Income/Full Cost budget model in FY07, two transfer codes were established to accommodate the transfers that fund the support unit allocations. Support units should be sure that objects 5986 is set up and budgeted in the appropriate orgs. This code replaces 5985 for Support units, but 5985 will continue to be used by Academic units. Academic units need to be sure <u>not</u> to delete 5985 and 9985 codes. Details on the budget model are included beginning on page 6 of this document.

- RRC managers of academic units must insure that FY08 budgeted allocations on revenue source code 5985 match the RRC approved allocations. RRC managers of support units must insure that FY08 budgeted allocations on revenue source code 5986 match the RRC approved allocations.

- Planned revenues and expenditures, and transfers-in and out should be budgeted in the revenue source, expense object and transfer codes in which they are expected to occur. It is not acceptable to budget all revenue in a single revenue code or to budget all expenditures in a single object code (such as 7000 or 7010) even if the total amounts equal the actual estimated total expenditures in all object codes.

- Transfers-in should have corresponding transfers-out budgeted when both sides of the transfer are known.

- **An appropriate revenue source code must be placed on the EXPP table for every expenditure budget line on <u>restricted</u> funds. This is critical. Without a revenue source code the expenditure line will be rejected when the budget prep tables are loaded into CUFS.** A complete listing of the revenue source codes for FY08 is in the *Chart of Accounts FY08 Reference* at . http://www1.edu/ohr/trainingservices/financial/coa08/index.html.

  AHC users: The revenue source code field has been removed from the AHC budget tool. To avoid errors, these codes will be entered centrally.

By June 14, RRC managers must insure that their budgets in the budget tables satisfy the above criteria. The Budget Office will work with the RRC manager to identify problems and recommend solutions before the budget tables are loaded into CUFS.

BUDGET PREP TRAINING

RRC managers are responsible for overseeing the input of budgets into CUFS for their areas. Very small units or departments that do not have CUFS access should request assistance through their RRC manager. Access to enter data on the budget preparation tables is limited to individuals who have been authorized by their RRC Managers and who have had Budget Preparation training through Training Services. To insure timely budget submission, RRC managers should be sure to assign input responsibility to an adequate number of trained staff.

Beginning in mid-April, 2007, budget prep table data entry "Hands-on" training sessions will be offered to new employees and employees who have not previously participated in training.   The FSS Security Office sent a packet on March 2, 2007, to the RRC Managers to register users for budget prep table training sessions, and to authorize security clearance for new users to the budget prep tables. Users who attended budget prep training previously may request a *FY08 Budget Prep Table Data Workbook Reference* manual from Training Services. For information about training sessions or to request a *FY08 Budget Prep Table Data Reference* manual, call Training Services at (612) 626-1373 or trngsvcs@umn.edu. For security information, contact the University Financial Helpline at (612) 624-1617 or e-mail at fsshelp@umn.edu.

Budget prep entry table access in CUFS can be requested in two ways:

Access Verification Report FY08
RRCs were sent their Access Verification Reports on March 2, 2007. RRCs can use this report to request table access for these users for the FY08 budget prep year. Reports were due back to the FSS Security Office by March 21, 2007.

Budget Prep Table Access Contract FY08
This contract is required for new users who do not appear on the Access Verification Report or for users on the Access Verification Reports that require additional access after the March 21, 2007 deadline. Budget prep training class completion is required for access. This training begins mid-April, 2007. Training Services class schedules can be found at: http://www1.umn.edu/ohr/trainingservices/schedule/index.html.   The Budget Prep Table Access Contract FY08 can be found at http://www.fss.umn.edu/security.htm.

II.   BUDGETING FOR CENTRAL COST POOL ALLOCATIONS

In the new budget model that was implemented in fiscal year 2006-07 virtually all revenue is being assigned directly to the unit that generates the revenue, and in turn, all costs are also being allocated to those revenue generating units. This leaves no centrally allocated state support, ICR, IRS or U fee revenue to directly support the operations of centrally provided services and functions. In order to pay for the cost of these services, sixteen cost allocation pools were created to distribute the costs of these central services across the academic units.

These cost allocation pools are as follows:

Administrative Services Units System-wide
Technology System-wide

Facilities O&M
Administrative Services Units Twin Cities
Technology Twin Cities
Student Services (All) System-wide
Student Services (All) Twin Cities
Research Administration
Library
Student Services Undergraduate
Student Services Graduate
General Purpose Classrooms
Debt
Leases
Warehouses
Utilities

As described in the Support Unit and Academic Unit Budget Instructions, the collection and distribution of the central support costs that were previously funded through a central allocation are billed out to academic units, and the payment of those bills funds the services and operations of the central support units. Budget preparation for this cost pool allocation process will be as follows:

ACADEMIC UNITS (as identified in the Academic Unit Budget Instructions)

Revenue Allocations
Budgeting for most central allocations is not changing for academic units. Tuition and ICR will continue to be budgeted as they have in the past using the TUIT and IDCR orgs (see page 15-16).

The University Fee will continue to be attributed directly to the academic units. Units should budget the U Fee estimate (to be communicated in the final allocation letter) as revenue code 4101 in the TUIT org. Budget the fee just like tuition, only using the new 4101 code. Additionally, units should budget the 9985 in the TUIT org equal to the sum of the U Fee and tuition amounts combined. The total 5985 budgeted in the academic unit as O&M should then be the sum of the state appropriation (O&M allocation), the tuition estimate, and the U Fee estimate (see page 17 for further details on budgeting for the U Fee).

Cost Allocations
Fifteen new object codes will be used by academic units to record the allocated cost pool **expense**.

8625 – Cost Pool Charge – Admin Service Units System-wide
8626 – Cost Pool Charge – Admin Service Units Twin Cities
8627 – Cost Pool Charge – Technology System-wide
8628 – Cost Pool Charge – Technology Twin Cities Only
8629 – Cost Pool Charge – Facilities O&M Twin Cities Only
8630 – Cost Pool Charge – Student Systems and Services
8631 – Cost Pool Charge – Student Systems and Services Twin Cities Only
8632 – Cost Pool Charge – Student Services Undergraduate Twin Cities Only
8633 – Cost Pool Charge – Student Services Graduate
8634 – Cost Pool Charge – Research Administration

8635 – Cost Pool Charge – Library
8636 – Cost Pool Charge – General Purpose Classrooms Twin Cities Only
8637 – Cost Pool Charge – Debt Service
8638 – Cost Pool Charge – Leases
8640 – Cost Pool Charge – Warehouses Twin Cities Only
(See Below for Utilities)

The final amounts each academic unit is to budget for the cost pool charges will be communicated in an allocation letter in May along with the approved revenue estimates. Units must balance to these communicated expense estimates just as they balance to central allocations.

Cost pool charges will be assessed to each academic unit via a JV which will be processed in March 2008. The automatic JV will systematically debit the above referenced object codes in the RRC-level orgs and credit a central org for the charges in order to collect the necessary funding to cover these cost pools. The JV amounts will populated based on the amounts budgeted in the specific cost pool object codes.

In developing plans for where these expenses will be allocated within the unit, please note the cost allocation expenses must not be budgeted in ISO fund orgs, in sponsored fund orgs or in any non-current fund orgs (e.g. plant fund or agency fund orgs). In addition, units must respect any relevant restrictions assigned to restricted fund sources and use those resources only for their intended purpose. If a new org is being created for these charges, use function type IS, Institutional Support.

Budgeting for Utilities Charges
Utilities charges should be budgeted using existing object codes:

Utility	Object Code
Electric	8000
Heating Gas	8001
Non Heating Gas	8004
Steam	8005
Water	8006
Chilled Water	8006

Estimates to be budgeted for utilities costs will also be communicated in the final allocation letter in early May and will be identified by the relevant object code.

Charges will be based upon meter readings for the month end prior to the statement. For instance, January charges will reflect the meter reading as of the end of December. Actual utility charges will be billed automatically each month. All units should verify that FM has the correct area/org for buildings where they occupy space. Please note: at most one org within an area will be charged for each specific building. FM does not have accurate information to allocate the charges to a lower level. On the other hand, an RRC may choose to designate one org for all buildings. As with any budget, actual monthly utility charges will be different from budgeted amounts. Each month FM will provide a statement summarizing the monthly utility charges for each RRC.

Charges for utilities are established under an ISO cost structure subject to University guidelines and A-21 policies. Recoveries of deficits or refunds of surpluses are accounted for in the rates charged in the next budget year (two years after the surplus/deficit occurs).

Costs included in the utility charges are reviewed and approved annually by the Budget Office and Board of Regents. Included on page 20 of this document is a schedule that lists both utility rates and a breakdown of cost components.

Receiving monthly charges on-line
Details on the units of usage for the billing month can be found on the Facilities Management Compass Self Service Web Site. To access the website, go to www.facm.umn.edu and select "Instructions" (the blue book icon on the website).

Follow the Self-Service Instructions under the "Service Request" section. The instructions to review your charges are under the section labeled "How to Use Invoice Query" on page 9 of the instructions.

To review charges select Work Query and Invoice/Chargeback Query under "Review a Service Request." If you have never requested a service request from Facilities Management, you may need to have a user id and password established through the Call Center at 624-2900.

For those who have not had Compass Self Service Training that was offered as part of the Compass rollout and would like to receive it, contact Sean Schuller at 624-3983 in the Business Application Support Department.

Questions on your utility charges can be directed to the following people:

Electric, Gas or Water Charges: Marie Coleman, Utility Accountant, x 6-0312

Steam or Chilled Water Charges: Laura Schiburr, x 5-9514

Questions on utility budgeting, forecasting or other issues should also be directed to Laura Schiburr at x 5-9514.

CENTRAL SUPPORT UNITS (as identified in Central Support Unit Budget Instructions)

All FY2007-08 centrally allocated revenue for central support units will be provided in O&M funds. Central support units will not receive funding from the University Fee (U Fee) fund or the Indirect Cost Recovery (ICR) fund. Budgeting the centrally allocated O&M funding for central support units will involve the following:

Use the Non-Mandatory Transfer In code that was created to budget the approved cost pool allocation to the central support units:

        5986 – Non-Mandatory Transfer In – Central Cost Pool Allocations

Central support units whose funding will be provided via the central cost pools will use the 5986 Non-Mandatory Transfer In code to budget the approved FY08 **operating allocation**. The preliminary amount to be budgeted by each central support unit was communicated in a letter to the unit head in January, 2007. This funding replaces the old 5985 Non-Mandatory Transfer In code that was used prior to FY07 to budget the centrally allocated state support allocation.

Central support units will not be charged costs under the new budget model and therefore should not budget anything in the object codes listed on pages 7-8 of this document.

III. CHART OF ACCOUNTS MAINTENANCE AND CHANGES

DELETING ORGS

Instructions for deleting Orgs from the FY08 Chart of Accounts were outlined in a January 15th memo to Area Managers from Accounting Services. Non-MY Orgs that met requirements and for which deletion requests were received in Accounting Services by March 16, 2007 , have been removed from the FY08 Chart of Accounts. Org deletion requests received in Accounting Services after March 16 will not be processed until the next annual budget cycle. If you have questions related to Org deletes, refer to the above referenced memo or contact Jeff Wilhelmi in Accounting Services at (612) 624-2068 or wilh0055@umn.edu.

The Orgs that were submitted for deletion have been removed from the FY08 ORGN table and there will be no budget prep entry tables for these Orgs. Note that the Orgs will still appear on the FY07 (the current year) ORGN table. This is necessary to record any activity on the Orgs that occurs during 2007. For the Orgs that have been deleted from FY08, it is essential that departments monitor the FY07 balances on the BRDH table to ensure that the ending balance is $0. Orgs with positive or negative balances as of July 31, 2007 (Period 13 Close) will be re-entered into the FY08 ORGN table by Accounting Services because the balance needs a place to "land" when carry-forward from FY07 to FY08 is processed.

If you want to delete a multi-year, non-sponsored Org, contact Jeff Wilhelmi at (612) 624-2068 or wilh0055@umn.edu. If you have questions regarding purging a multi-year, sponsored Org, contact Marjorie Nebo in Sponsored Financial Reporting at (612) 624-6026 or nebox001@tc.umn.edu.

ADDING ORGS

When the budget prep entry tables open, budgets for FY08 can be entered into the budget prep entry table screens for Orgs that are on the FY08 ORGN table as of that time. If you need to add a new Org, please do so immediately using the FFN COA document. This will ensure that Accounting Services has enough time to process requests during the budget prep period. Requests for new Orgs increase substantially during the budget preparation period so be sure to submit your Forms Nirvana FFN-COA Documents as soon as possible to avoid processing delays. Be sure to provide the appropriate Function Code and provide complete information about the purpose of the Org, and the source of funds.

- To request a new Org, complete the FFN (Financial Forms Nirvana)-COA document. The AREA-ORG combination you request must NOT appear on the FY07 or FY08 ORGN table. If it does, a different Area-Org combination must be chosen.

When your request for a new Org is approved, the Org will be added to the FY08 ORGN table. To create budget entry prep tables for the new Org, follow these steps:

- Check the FY08 ORGN table to verify that the Org has been added to the chart of accounts. As soon as the Org appears on the FY08 ORGN table, you can set up the EBCF, RPIN and EPIN tables by adding an expenditure object code to the EXPP table and a revenue source code to the REVP table. Refer to the *FY08 Budget Prep Table Data Entry Reference* manual for instructions on how to enter these lines.

REVENUE SOURCE, EXPENDITURE OBJECT, AND TRANSFER CODES

A complete listing of the revenue source, expenditure object, and transfer codes for FY08 is in the *Chart of Accounts FY08 Reference* maintained by Training Services at: http://www1.umn.edu/ohr/trainingservices/financial/coa08/index.html. Contact your RRC manager, the University Financial Helpline, or Accounting Services (612) 624-5748 for additional guidance in the appropriate use of the codes.

IV.   USING THE BUDGET PREP TABLES

Overview of the Budget Prep Tables: There are five data input tables and two summary tables used to prepare budgets. Brief descriptions follow below. Refer to the *FY08 Budget Prep Table Data Entry Reference* guide for a full explanation of what each table looks like and its specific use.

Data Input Tables

RPIN   Resource Budget Preparation Input Table: RPIN is used to enter the carry-forward estimate and the resource budgets by revenue source code, and to add revenue source codes to an Org.

EBCF   Estimated Budget Carry-forward Table: EBCF is used instead of RPIN, in certain situations, to enter carry-forward estimates.

EPIN   Expenditure Budget Preparation Input Table: EPIN is used to enter expenditure and transfer-out budgets and to add objects to an Org.

REVP   Revenue Budget Preparation Table: REVP is used to delete revenue source codes from an Org.

EXPP   Expenditure Budget Preparation Table: EXPP is used to delete objects from an Org and to add objects to Orgs in restricted funds.

11

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Summary Tables

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BMOD   Budget Model Table: This table summarizes the entire budget for an Org using the Basic Budget Model.

RLUP   Budget Model Area Rollup Table: This table uses the basic budget model to summarize amounts entered on all Orgs in an area by fund.

Budget Planning Worksheets: Optional Org-level planning worksheets (CUFB808 forms) will be on VIEW beginning April 2. Worksheets may also be obtained by accessing the Financial Reports Web (http://financial.reports.umn.edu) and selecting the Budget Prep button after March 26. Some users may prefer to use blank space on the UA-821 Org report or their own version of a worksheet if it better meets their needs.

A CUFB808 worksheet will be on VIEW for each Org that is on the FY08 ORGN table as of early March and had at least one active revenue source code, expenditure object or a transfer code in FY07. Worksheets are not produced for Orgs that may have a carry-forward, but have no revenue source or expense codes created during FY07 or for Orgs that were added during 2007, but have no revenue source, expenditure, or transfer codes created. RRCs planning to use the CUFB808 worksheets should substitute an improvised form for any "missing" CUFB808 worksheets.

Funds Included in Budget Preparation: Orgs in the following **current**, **non-sponsored** funds are included in budget preparation. You are expected to set up revenue and expenditure budgets in the budget entry tables for all Orgs in these funds that you plan to use during FY08.

    Centrally Distributed and Attributed Funds:

     General Operations and Maintenance:

       State Subsidy

       Tuition (RRC level only)

     State Specials

     Indirect Cost Recovery

     Central Reserves

     Other Central Pools: Limited allocations to Other Unrestricted Fund

    Other Current Funds:

     Auxiliary Enterprises

     Internal Service Organizations

     Private Practice Clinics

     Other Unrestricted Funds

Other Restricted Accounts: This category does <u>not</u> include sponsored funds

A list of the 4-digit fund numbers associated with each of the current funds is contained in the *Chart of Accounts FY08 Reference*.

In addition to the current funds outlined above, budgets may also be set up on the **plant** fund for budgeting transfers-in and equipment expenditures in equipment replacement/reserves Fund-Area-Orgs in the plant fund.

<u>Funds NOT Included in Budget Preparation:</u> Do not enter budgets into the budget entry tables for Orgs in the following funds.

> **Current Funds:**
>
> Sponsored Funds (16XX, 17XX, 19XX funds): SPA coordinates entry of these budgets into CUFS.

> **Non-Current Funds:**
>
> Loan Funds (5XXX funds)
>
> Endowment Funds (6XXX funds)
>
> Agency Funds (9XXX funds)
>
> Plant Funds (7XXX funds) (**exception**: budgeting is allowed on certain codes in equipment replacement/reserve Orgs in the plant fund. Refer to page 22 of these instructions.)

<u>Entering Revenue Source Reference Codes on Restricted Funds:</u> In the University's financial report, revenues on <u>restricted</u> funds are reported only to the extent that expenditures have occurred. For restricted fund expenditures, therefore, CUFS must be able to determine an associated revenue source. This link is established at the object code level by assigning an associated <u>revenue source reference code</u> to each object code used in a restricted fund Org.

Most objects in restricted fund Orgs that have had spending activity already have a revenue source reference code assigned--you can see it identified as the "Rev Source Ref" on the FY08 EXPP table. For objects on new Orgs in restricted funds and new objects on existing restricted fund Orgs, however, <u>you must assign a revenue source reference code in the EXPP table.</u>

The revenue source reference code you assign to an object on an Org in a restricted fund should reflect the source of funds for the Org. For example, on objects in a fund 1856 U of M Foundation Org, you would assign revenue source 4200, gifts. For objects in a 1546 state special fund, you would assign revenue source 4000, appropriated funds. In no case is 5980 an appropriate revenue source reference code because it does not identify the source of the funds to the University. Instructions for assigning

the revenue source reference code, along with an appendix to help you select the correct code, are in the *FY08 Budget Prep Table Data Entry Reference*.

If an object code is set up in a restricted fund and no revenue source reference code is assigned to that object code, the line will be rejected when the budget tables are loaded into the CUFS ledgers at the end of the budget prep cycle. No EXPB records for FY08 will be created. The Budget Office will work with the RRC to will correct revenue source reference codes errors.

AHC users: The revenue source reference code field has been removed from the AHC budget system. To avoid errors, this code will be added centrally.

While revenue source reference codes must be assigned to objects in the restricted funds, it is important to understand that they must not be assigned to objects in the unrestricted funds.

Multi-Year Versus Fiscal Year Orgs: The budget prep tables are for entering approved budgets for fiscal year (FY), non-sponsored, current funds and selected plant funds only. Do not prepare or enter budgets on the budget prep tables for Orgs with multi-year designations. Any budgets on multi-year Orgs or sponsored-fund Orgs entered through the budget entry tables will be removed prior to locking the fiscal year budget. Sponsored-fund Orgs can be identified by the fund number -16XX, 17XX, or 19XX. The budget fiscal year designation (fiscal year or multi-year) of an Org can be verified by referring to the ORGN table. Those with a "Y" on the MY line of the ORGN table are multi-year Orgs.

Hours for Entering Budgets: CUFS is available Monday through Saturday from 7:00 a.m. to 7:00 p.m. If these hours are not sufficient, please consider including extra staff for input or extending employee work hours. If and when an emergency requires the hours to temporarily be cut back, the CUFS message screen will have the most current information.

PeopleSoft HRMS: FY08 accounts will be made available in PeopleSoft beginning April 30, 2007. As of this date, users will be able to enter distributions for employee's salary (and draw down encumbrances) with an effective date of June 11, 2007 or later.

It is important to note that while the University's fiscal year (and accounts) begins on July 1, 2007, the effective date for payroll is June 11, 2007. The first pay period of a new fiscal year is the first pay period PAID after June 30th.

We are able to provide the PeopleSoft HRMS system with FY08 accounts by sending an extract of the EXPP (Budget Prep) table in CUFS to the Account Code Table in PeopleSoft. Because the data on the EXPP table is tentative until Budget Prep is closed, users need to be mindful of the following:

> EXPP can change on a daily basis. If you delete salary or fringe object codes from an account, it will be important to make sure the account will not be used on an employee's distribution for the new fiscal year. If an account is used in PeopleSoft and subsequently has the salary or fringe object codes deleted, then the department must either re-activate the object codes on the EXPP table, or choose a different, valid account in PeopleSoft for the employee's distribution.

14

The HRMS Helpline will be getting a report of distributions and draw down encumbrances where invalid salary and fringe account strings for FY08 have been used.

HRMS Helpline staff will contact departments where such an account has been used to ask the department to change the account in PeopleSoft or set up the appropriate object codes on the account in CUFS. This will eliminate transactions going to an invalid account (and not be reflected on any expense reports).

This process affects only fiscal year accounts – there is no change for MY accounts. All MY accounts have a designated 'end date' on the GDES table in CUFS and this end date is also used by the HRMS system.

Line item dollar amounts for departmental accounts may not be determined by May 1, 2007, but *dollar amounts* are not critical to this process. The HRMS system only needs to know whether or not an account string – *which includes the object code* – is valid for FY08. Therefore, it is important that applicable salary and fringe object codes be included on every account on the EXPP table that will be used for salaries during FY08.

> Reminder: the relevant salary and fringe object codes are:
>
> | | |
> |---|---|
> | 7000 (academic salary) | 7100 (academic fringe) |
> | 7005 (grad student salary) | 7102 (grad student fringe) |
> | 7010 (staff salary) | 7103 (staff fringe) |
> | 7015 (undergrad. student salary) | 7104 (undergrad. student fringe) |
> | 7802 (non-service fellow and trainee stipends – no fringe) | |

Timing of changes made in CUFS will affect your choices in PeopleSoft. All processing for CUFS is done overnight. One of the overnight processes is to send an extract of all account information (fund, function, area, org, object & revenue codes, etc) to the PeopleSoft system. PeopleSoft receives the file, and there is another process run to load the account code table in PeopleSoft. Therefore, there is at least a one-day delay in getting updated account information to PeopleSoft. Also keep in mind that CUFS processing normally takes place on Monday-Thursday, & Saturday.

SPECIAL BUDGETING ISSUES

Budgeting for Tuition Revenue (Academic Units):

Budgeting for tuition revenue in FY08 will follow the same process as in FY07. The attribution will remain the same as previous years with 75% of the revenue attributed to the college that teaches the course and 25% of the revenue going to the college where the student taking the course is enrolled.

In the academic unit budget instructions each unit was asked to review a centrally developed tuition revenue estimate and develop their own intersession/summer session, and regular session tuition revenue estimates for FY08. The proposed increases for FY08 tuition revenue assume an overall 4.5 percent increase in the tuition rate and the university fee combined for individual, resident students with the university fee set at $1,000 per year. The specific tuition rate increases used to arrive at the overall tuition and fee increase of 4.5% can be found in the Tuition and ICR Supplement Instructions that were distributed to the Academic Units in February 2007.

Under the IMG model, the gross 4100 tuition is credited initially to a central account. Each academic session the net revenue is moved from these central accounts to the tuition accounts set up in each collegiate unit so the 4100 tuition revenue appears at year-end in the collegiate units; thereby zeroing out the central tuition account balance. This is done by moving the NET revenue to the appropriate collegiate units and recording expenses for the waivers and other reductions to the gross revenue.

The tuition account within each collegiate unit has a tuition fund code (one for each of the four campuses) and a unique Org specified as TUIT.

The total amount budgeted in these collegiate level tuition accounts must match the collegiate unit's approved budget tuition revenue authority as noted on the FY08 Allocations. The entire amount of approved tuition revenue authority is transferred, via an automatic JV, out of the unique collegiate level tuition account on 9985 and into the units within the college or to a college reserve account, using 5985. The collegiate level tuition account budgets should show the approved tuition amount for revenue source code 4100 and an equal amount as transfer code 9985 such that the TUIT org has a budgeted ending balance of $0. When colleges budget their allocations to the department level, they consider the total allocation available -- the combination of their O&M (state subsidy) allocation and their tuition revenue authority -- and make their allocations from that total. *Colleges do not have to allocate the two pots separately*. Centrally, we will make sure that the total amount approved as tuition revenue authority and O&M (state subsidy) reconciles exactly to the amount of 5985 budgeted within the unit and specified on the FY08 Allocations.

The collegiate unit needs to regularly monitor actual tuition revenue deposited in their account so that actual-to-budget shortfalls can be identified in a timely manner and corrections can be made through expenditure reductions or increased tuition generation. If at year-end the amount of actual tuition revenue in the tuition account is less than the amount budgeted, a transfer needs to be made bringing the ending balance to $0. Likewise, if at year-end the amount of actual tuition revenue in the tuition account is more than the amount budgeted, a transfer needs to be made out of the account to balance the account to $0.

As described above, the steps to implement the tuition piece of IMG are as follows:

1. A tuition revenue authority is agreed upon during the budget process for each collegiate unit.

2. Each collegiate unit budgets an amount equal to the tuition revenue authority under revenue code 4100 in the unit's tuition account.

3. Each collegiate unit budgets an amount equal to their tuition revenue authority under transfer code 9985 in the unit's tuition account. The resulting budgeted ending balance in the tuition account is $0.

4. Using transfer code 5985, each collegiate unit allocates to their departments an amount equal to the total of their combined O&M (state subsidy) and their tuition and U Fee revenue authority. *Collegiate units do not have to allocate the two pots separately*.

5. The Budget Office makes sure that the total amount budgeted as tuition revenue and U Fee revenue and O&M (state subsidy) allocation combined reconciles to the amount in transfer code 9985 budgeted both from central accounts and collegiate tuition accounts.

    EXAMPLE: College A
    1. Agreed upon tuition and U Fee revenue authority $1,000,000
    1a. O&M (state subsidy) allocation $2,000,000
    2. Amount budgeted as 4100 in college A's tuition account $1,000,000
    3. Amount budgeted as 9985 in College A's tuition account $1,000,000
    4. Amount budgeted in College A's departments as 5985
        (including the reserve account) $3,000,000

Budgeting for U Fee Revenue (Academic Units):\

Budgeting for University Fee revenue is performed exactly like budgeting for tuition revenue except the University Fee revenue will be transferred to the TUIT org with new revenue source code 4101.

Note: now the 9985 transfer out of the TUIT org will be the sum of 4100 and 4101.

Transferring funds between Tuition Income and General Operations and Maintenance funds:
An inter-fund transfer is a permanent movement of resources from one Fund/Area/Org to another where there are two different Funds. The inter-fund transfer codes are 5990-90 and 9990-90 when transferring within the same area. Codes for between areas in the same Area group are 5991-90. Other justified transfers between area groups (area group = area class for the Twin Cities campus) are 5992-90 and 9992-90. When TRANSFERRING resources between the General Operations & Maintenance (funds 1000, 1001, 1002, 1003) and the Tuition Income funds (funds 1010, 1011, 1012, 1013) the correct transfer codes to use are the inter-fund transfer codes (5990-90 and 9990-90).

Budgeting for ICR Revenue:
Budgeting ICR revenue in CUFS requires a rather complex set of steps similar to the process of budgeting tuition revenue. The process is outlined below.

Under the IMG model, each RRC has a proposed ICR allocation or expenditure authority that was determined early in the budget cycle. Beginning in FY07, units will begin to receive 100% of their generated ICR revenue, rather than 49.5%. All FY08 ICR revenue will be credited initially to the central ICR account. Semi-annually, in January and July, the ICR revenue will be transferred (using revenue source code 4350) from the central account to the RRCs IDCR Orgs.

The total amount budgeted in the RRC-level IDCR accounts as revenue source 4350 must match the unit's approved ICR expenditure authority (communicated with the FY08 Allocations). The total amount of approved expenditure authority will be transferred out of the RRC-level IDCR account on transfer code 9985 and into departments within the RRC or to a reserve account, using transfer code 5985, thus leaving an ending $0 budget at the RRC level.

The steps necessary to enter FY08 ICR revenue is as follows:

1. Each RRC should enter the estimated ICR revenue that was communicated with the FY08 Allocations in the RRC-level IDCR Org using revenue source code 4350 on the RPIN table. Next, enter the same amount as a "Non-Mandatory Transfer Out-Centrally Allocated" (9985) in the same Org (the RRC-level IDCR Org) on the EPIN table. This should result in a budgeted ending balance of $0 in the RRC-level IDCR Org – surpluses should be transferred out of the IDCR Org and deficits should be eliminated with a transfer in from another Org.

2. Use the "Non-Mandatory Transfer In-Centrally Allocated" revenue source code (5985) to set up departmental ICR budgets or to budget an RRC-level reserve account on RPIN. The combined amount of the budgets set up in all departments within an RRC (including the RRC-level reserve account) should equal the approved amount of ICR expenditure authority for FY08 that was entered in the IDCR Org in step 1.

Expenditure authority is an estimate and there is no guarantee that this amount will be earned in any given year. If the actual ICR revenue for the RRC falls short of the approved ICR revenue authority for the year, the unit will be accountable for the shortfall and the deficit will appear in the IDCR Org within that RRC. Units are strongly encouraged to budget a portion of their approved ICR revenue authority to a reserve account as insurance against any potential deficit

Budgeting for Enterprise Systems Project Assessment:
The Enterprise Assessment was established as a systematic method of assessing units for the purpose of paying for the development, implementation, maintenance and replacement of institutional business systems. Under the new budget model, the Enterprise Assessment will continue until the projects currently and previously funded through this mechanism are paid off. Therefore, the assessment is projected to continue through FY13. No additional projects will be added to this payment method.

As stated in the Support and Academic Unit Budget Instructions for FY08, the assessment rate for FY08 will remain the same as the rate in FY07. The following assumptions should be built into the FY08 plans at this time:

- Estimated assessment cost of **1.25%** of projected FY08 salaries
- Object code used for budgeting the expected assessment is **8610** – Administrative Fees
- Assessment is on actual salary expenditures and both debits and credits to salaries are included in the calculation.

Refer to the Support and Academic Unit Budget Instructions for FY08 for further information on which salary expenditure object/sub-object codes are included in the rate calculation.

Questions regarding the Enterprise Assessment process can be directed to the University Financial Helpline at 624-1617.

Budgeting for the Institutional Revenue Sharing Assessment:

The Institutional Revenue Sharing Assessment was eliminated beginning in FY07.

Salary and Fringe Benefit Assumptions:
Information in this document related to compensation matters has been prepared for budgeting purposes only and should not be interpreted as an attempt by the University to disregard good faith bargaining with affected employee groups or to ignore all other mandates of PELRA. In addition, all described plans are subject to Board of Regents approval.

For planning purposes, the budget currently under development assumes the following general salary increases:

	FY08
Non-faculty academic employees	3.25%
Civil Service/Bargaining Unit employees	3.25%
Faculty	3.25%

See the reference "Salary Plan Memos – FY08" for details about implementing the salary plans for fiscal year 2008 for both non-bargaining and bargaining unit employees (http://www1.umn.edu/ohr/toolkit/compensation/payplans/index.html).

Budgeting for Fringe Benefits:
Projected fringe benefit rates for FY08 for use in budget planning are outlined below. A breakdown of the components of the rates can be found as Attachment B at the end of this document.

Civil Service (and undergraduate students)	32.7%
Academic	31.62%
Graduate Assistant	
Health	12.14%
FICA	6.78% *
Tuition	$12.39

- The indicated rates for graduate students include 6.78% for Social Security and Medicare (FICA). The combined FICA rate for undergraduate students, included in the civil service rates above is 6.78% for FY08. Graduate and undergraduate students employed at the University will be exempt from FICA withholding on their University wages, and therefore, their salaries will not be assessed for the employer's share of FICA, if they meet the following test:
  (1) Enrolled for at least 6 credits per semester if an undergraduate student; or
  (2) Enrolled for at least 3 credits per semester if a graduate student (one credit or Ph.D. candidates working on a dissertation)

Pursuant to Revenue Procedures 98-16, issued by the IRS on January 16, 1998, the University no longer applies an "hours worked" limitation. Questions regarding the withholding requirements may be directed to Karen Klein in Payroll Services (625-7549) or Kelly Farmer in the Tax Department (624-1053).

Budgeting for Utility Rates:
The utility rates were iterated in the Academic Unit Budget Instructions for FY08 and are listed again below (without change):

- are only applicable for those units on the Twin Cities campus which currently pay Facilities Management for utilities or have an arrangement to make such a payment to Facilities Management;
- will be effective July 1, 2008;
- will be used in billings that are based upon actual consumption;
- are established on a cost recovery basis, and
- represent average billing rates for electricity and water/sewer. Monthly rates will vary slightly based upon University and zone consumption patterns.

If you have questions, call Laura Schiburr, Facilities Management, at 625-9514.

	FY07 Current Rate	FY08 Estimated Rate
Steam – 1,000 lbs. of steam (MLB)	$19.81	$20.74
Electric Kilowatt Hours (KWHR)	$.0793	$.0784
Gas	1.206 CCF	$12.00 Dkthrm
Water & Sewer Hundred Cubic Feet (CCF) avg.		
Minneapolis Campus	7.36	7.06
St. Paul Campus	3.31	3.84
Chilled Water	$1.19GSF	$0.26 ton/hr.

Budgeting for Price Level Increases:
The institutional FY08 budget plan does not include additional allocations for non-salary inflation. Realistic expenditure estimates (including inflation, where appropriate) should be budgeted in the relevant object codes.

Budgeting for Property & Liability & Non-Profit Organization Liability Insurance:
Since July 1, 1997, the Office of Risk Management has charged RRCs for University property and liability insurance premiums based on each RRCs share of total University space. Instructions regarding how units should budget for these charges in FY08 are contained in the Support and Academic Unit Budget Instructions for FY08.

Budgeting for Equipment Replacement Reserves:

The voluntary equipment replacement/reserves program encourages RRCs to move toward a systematic method of budgeting equipment purchases that emphasizes the long-term annual expense of equipment as opposed to sporadic expenditures. The program promotes better long-term planning and decreases the boom/bust tendencies inherent in some other types of equipment budgeting plans.

Departments participating in the program transfer resources from their current funds (using transfer-out code 9988 on their current fund ORG) to specific Orgs in the plant fund (using transfer-in code

5988 on the plant fund Org). In the equipment replacement/reserves plant fund Org, departments budget the planned expenditures on objects 8200, 8210, and/or 8215. Since balances in the equipment replacement/reserves plant funds Orgs earn interest under the Temporary Investment Pool (TIP) program, departments should budget anticipated interest on revenue source code 5800 in the plant fund Org. *Note: balances in fund 7351, ISO Capital Purchases, do not earn TIP and therefore should not include budgeted interest income*.

Equipment reserves may be budgeted in the following plant funds:

- fund 7013 for transfers from GOM funds
- fund 7344 for transfers from other unrestricted funds
- fund 7312 for transfers from restricted, non-sponsored funds
- fund 7351 for transfers from ISO funds

As a reminder, the capitalization threshold is $2,500.

Budgeting for UROP (Undergraduate Research Opportunities Program):

Decisions about FY08 UROP grants (July 1) do not allow sufficient time for departments to set up Orgs and budgets during the budget prep cycle. Because payroll lines must be set up in order to pay salaries from these awards, UROP staff will establish Orgs for the initial round of grants during budget prep and will set up $0 object and revenue source codes 7000, 7005, 7010, 7015, 7100, 7102, 7103, 7104, 7802, 9980, and 5980 as needed on the EPIN, EXPP, RPIN, and REVP tables. Once the fiscal year opens, area managers may process EBs to add objects at $0 as needed for individual grants. Some departments receive additional UROP funds in January 2008, but because the grants are broadly distributed throughout the University, budgets at the area fund or RRC level are not significantly changed by these UROP awards. Therefore, EBs and RBs should <u>not</u> be submitted to the Budget Office to adjust budgets for UROP awards.

Budget Office Review:

When the budget tables are closed on June 14, the Budget Office will begin reviewing all budgets to ensure the expected outcomes described in detail on the "Expected Outcomes of Budget Preparation" section of these instructions are met.

IV.   REPORTS AVAILABLE TO ASSIST YOU

ROLLUPS: **by AREA within FUND (CUFB810)**
                           by Area GROUP (RRC) within FUND (CUFB814)
                           by Area CLASS within FUND (CUFB811)

by Area CATEGORY within FUND (CUFB812)

Each report is available on the Financial Reports Web Page (http://financial.reports.umn.edu) and VIEW. They show the total amount (by fund) that has been entered into budget entry tables in each of the revenue source codes, expenditure object codes, and transfer codes on all of the Orgs in any particular area (report Id CUFB810) or rollup of areas to group (report Id CUFB814) or rollup of areas to area class (report Id CUFB811) or rollup of areas to category (report Id CUFB812).

People accessing reports through VIEW can:

- view them on-screen,

- screen-print the pages needed, or,

- print a copy of the entire report through departmental remote printers or by request to the OIT Helpline (1-HELP or 612-301-4357) (allow 2-3 days for delivery)

RRC Managers and their designees can access on-line VIEW rollup screens and obtain rollup reports at remote printers or request reports from OIT if a remote printer is not currently hooked up (allow 2 to 3 days for delivery of reports). Contact your RRC manager to find out who in your RRC is handling VIEW rollup report requests for your area.

People accessing reports via the Financial Reports Web Page can:

- view them on-screen, or

- download the report to a word processing or spreadsheet package

To access financial reports on the Financial Reports Web Page, users must have an Internet ID (X.500) and password. Questions related to the X.500 ID and password should be directed to OIT Technology Helpline at 1-HELP or (612)301-4357. Questions related to the financial reports should be directed to the University Financial Helpline (612) 624-1617 or fsshelp@umn.edu. For DWFS access, contact the University Financial Helpline at (612) 624-1617 or fsshelp@umn.edu or utilize the Access Request Form at http://www1.umn.edu/datasec/security/Requestingaccess.html.

Budget prep tables REVP, EXPP and EBCF for FY08 will also be available in DWFS for users who wish to perform their own queries of this data.

Rollup reports will be "refreshed" each evening starting on **March 26**, and ending **June 14**, Monday through Wednesday. After June 14, the Budget Office will request refreshes as needed to complete the budget preparation process.

REPORTS SHOWING APPROVED BUDGET

Approved Budget Rollup Reports: In late June, the official Approved Budget Rollup Reports will be printable from VIEW or from the Financial Reports on the Web. These reports are the final versions of the budget rollup reports, CUFB810-Area, CUFB811-Area class, CUFB812-Area category, and CUFB814-Area group. The exact date of the official reports will be posted on the CUFS message screen. VIEW Budget Prep reports are available to University Staff with active CUFS access through June 30. Throughout FY08 approved budget information will be available on the Org-level UA-821 report.

User-Generated Web Reports: The FY08 Budget Prep tables will be included in DWFS. DWFS users may generate reports that show approved budgets that include the essential element of estimated carry-forward in budgeted resources. DWFS also allows users to specify a fund or combination of funds when generating reports.

UA-821 REPORT: Organization Budget Status Report: The UA-821 report shows all components of an Org's budget—carry-forward, revenues, transfers-in, transfers-out, expenditures, and ending balance. For each Org, the report shows the "approved budget", the "current budget" (approved budget with adjustments), and actual activity to date. The report is printed at the end of each month and copies are sent to Org managers (it is also available on the Financial Reports Webpage.) The UA-821 allows managers to compare actual activity to date to budgeted amounts and determine the status of the financial activity. Using the budget plan to identify any potential shortfalls can help a manager take corrective action in a timely manner to avoid or minimize year-end deficits.

V. GETTING HELP

RESOURCE RESPONSIBILITY CENTER MANAGERS

Deans, chancellors, senior vice presidents and executive unit heads will receive allocations to their Resource Responsibility Center (RRC) on their *FY08 Central Allocation Worksheet*. The Resource Responsibility Centers who participate in the budget process are each of the colleges on the Twin Cities campus, the four coordinate campuses, and the major administrative units on the Twin Cities campus. Questions regarding the following should be directed to RRC managers:

- confirming the amount of the allocation granted to each area in the RRC

- confirming the due dates for submitting budgets to RRC managers. RRC due dates may precede other dates in these instructions.

- confirming amounts of known post-budget non-mandatory transfers that will take place between RRCs or areas within the RRC

- obtaining Org-level budget planning worksheets

- obtaining rollup information at the area level from VIEW

- clarifying procedures and policies, defined by your RRC manager, that pertain to your RRC

BUDGET AND FINANCE STAFF

Questions about the following should be directed to Budget and Finance staff:

- budgeting for allocations using transfer-in code 5985
- budgeting for cost pool allocations using transfer-in code 5986
- budgeting for cost pool expenditures using object codes 8625-8640.
- budgeting for transfers that you plan to do AFTER the start of the fiscal year
- accessing rollup information and reports
- estimating and budgeting for carry-forwards
- verifying fringe benefit rates
- handling other problems not addressed elsewhere

ACCOUNTING SERVICES STAFF

Questions about the following should be directed to Accounting Services staff:

- budgeting for ISOs
- dealing with multiple function problems
- dealing with multiple fund problems
- verifying appropriate function on a new Org
- handling departmental recharges (non-ISO charges)

HELPLINE

The University Financial Helpline (612-624-1617 or fsshelp@umn.edu) answers routine questions and refers callers with non-routine questions to other appropriate areas of the University.

Table Data Entry (Training Services): Questions about using the budget preparation tables should be addressed to Training Services staff at 626-1373 or trngsvcs@umn.edu . These include:

- entering carry-forward estimates into the tables
- using budget preparation tables to add or delete a revenue source code or expenditure object code
- entering or revising the data in the resource budget input tables (RPIN, REVP and EBCF) and the expenditure budget input tables (EPIN and EXPP)
- interpreting error messages on budget entry tables

Access to Tables and Reports (FSS Security and OIT): To solve access problems related to Budget Prep Table entry, call the University Financial Helpline at 624-1617 or fsshelp@umn.edu. VIEW report printing or mainframe access questions can be directed to the OIT Technology Center at 1-HELP, (612) 301-4357 or x-help@umn.edu.

SIGNIFICANT DATES AND EVENTS

April

2	**Budget Prep Tables open**
18	RRC managers meeting
30	FY08 accounts available for use in PeopleSoft HRMS

May

10-11	Board of Regents Meeting
16	RRC managers meeting
21	Legislative session adjourns
28	University Holiday - CUFS will be down

June

4	**Last day for AHC general users to make changes to Budget Prep Tables**
6	**Last day for general users (outside AHC) to make changes to Budget Prep Tables**
7-8	FY08 Operating Budget reviewed by Board of Regents
12	**Last day for RRC managers in AHC to make changes to AHC budget system**
14	**Last day for RRC managers (outside of AHC) to make changes to Budget Prep Tables**
20	RRC managers meeting

Attachment B
2007-08
Fringe Benefit Rates by Component

2005-06 Actual	CIVIL SERVICE	ACADEMIC	GRADUATE ASSISTANT
Retirement	4.1	13.5	---
Group Life & Disability	---	.8	---
Workers Compensation	1.3	---	---
Unemployment	.8	.4	---
Social Security	5.9	5.3	6.1
Medicare	1.4	1.5	1.4
Tuition	1.5	.5	**
Health Insurance	18.9	10.6	12
Vacation	1.1	.4	---
	35.0	**33.0**	**19.5**

2006-07 Actual (as revised 11/06)	CIVIL SERVICE	ACADEMIC	GRADUATE ASSISTANT
Retirement	4.4	13.3	--
Group Life & Disability	--	.7	--
Workers Compensation	1.3	--	--
Unemployment	.1	.1	--
Social Security	5.8	4.8	5.5
Medicare	1.4	1.3	1.3
Tuition	1.5	.2	**
Health Insurance	20.5	11.5	15.0
Vacation	1.1	.5	--
	36.1	**32.4**	**21.8**

2007-08 Proposed	CIVIL SERVICE	ACADEMIC	GRADUATE ASSISTANT
Retirement	4.07	13.6	---
Group Life & Disability	---	.38	---
Workers Compensation	.4	---	---
Unemployment	.01	.01	---
Social Security	6.09	5.36	5.41
Medicare	1.48	1.58	1.37
Tuition	1.38	.34	**
Health Insurance	18.93	9.81	12.14
Vacation	.34	.54	---
	32.70	**31.62**	**18.92**

** Graduate Student tuition remission is a flat charge per hour the student works