



FY06 BUDGET INSTRUCTIONS

PHASE III

PREPARING BUDGETS IN CUFS

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

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- Chart of Accounts FY06 Reference
- FY06 Budget Prep Table Data Entry Reference
- Salary Plan Memo – FY06 Phase II Instructions Reference

I. OVERVIEW

INTRODUCTION

Phase III of budget development 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 FY06 budget prep process is similar to prior years. Budget Prep tables will open on **April 4** and close to general users on **June 1** and RRC managers on **June 9**. For users in the Academic Health Center (AHC) the general user deadline is May 28 and the RRC deadline is June 8. See **Appendix A** for a list of significant dates in the budget development process. It is anticipated that FY06 Allocation worksheets, for use in entering budgets, will be distributed to deans, chancellors, senior vice presidents, and executive unit heads in mid-May.

This document describes changes and provides information for the FY06 budget prep process. Specific instructions on how to enter budgets into CUFS tables are in the *FY06 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://training.finop.umn.edu/BP/BudgetPrepmaterials.html>.

EXPECTED OUTCOMES OF BUDGET PREPARATION

Participants in Phase III budget development should strive to fully meet the following expectations:

- ❑ All budget input must be completed during the 8-week budget entry period. Tables open April 4 and close to general users on June 1 and to RRC managers on June 9.
- ❑ FY06 account information will be available in PeopleSoft HRMS beginning May 2, 2005.
- ❑ 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 FY06 budget lines using future dated (FY06) 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, FY06 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 never be budgeted in object code 9500, Departmental Reserves.

- ❑ University policy states that budgets cannot contain an ending deficit at the area/fund level. In other words, planned expenditures and transfers-out cannot exceed available and planned resources. Deficits must be cleaned up prior to fiscal-year-end.
- ❑ 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 recurring uses or by increasing recurring resources.
- ❑ RRC managers must insure that FY06 budgeted allocations on revenue source code 5985 match the RRC amounts approved on the allocation worksheets.
- ❑ 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 restricted 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 FY06 is in the *Chart of Accounts FY06 Reference* at <http://training.finop.umn.edu/COA06/COA06menu.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 9, RRC managers must insure that their budgets in the budget tables satisfy these 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 are authorized by their RRC Managers and who have, at one time, received 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 the week of April 25, 2005, budget prep table data entry "Hands-on" training sessions will be offered to new employees and employees who did not participate in training during prior years. The FSS Security Office sent a packet on March 4, 2005, 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 *FY06 Budget Prep Table Data Workbook Reference* manual from Training Services. For information about training sessions or to request a *FY06 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 fsshelph@umn.edu.

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

Access Verification Report FY06

RRCs were sent their Access Verification Reports on March 4, 2005. RRCs can use this report to request table access for these users for the FY06 budget prep year. Reports were due back to the FSS Security Officer by March 23, 2005.

Budget Prep Table Access Contract FY06

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 23, 2005 deadline. Budget prep training class completion is required for access. This training begins the week of April 25, 2005. Training Services class schedules can be found at <http://training.finop.umn.edu/classes.html>. The Budget Prep Table Access Contract FY06 can be found at <http://www.fss.umn.edu/security.htm>.

II. CHART OF ACCOUNTS MAINTENANCE AND CHANGES

DELETING ORGS

Instructions for deleting Orgs from the FY06 Chart of Accounts were outlined in a January 25th memo to Area Managers from Accounting Services. Non-MY Orgs that met requirements and for which deletion requests were received in Accounting Services by February 28, 2005, have been removed from the FY06 Chart of Accounts. Org deletion requests received in Accounting Services after February 28 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 Tonya Warren in Accounting Services at (612) 624-5748 or taylo130@umn.edu.

The Orgs that were submitted for deletion have been removed from the FY06 ORGN table and there will be no budget prep entry tables for these Orgs. Note that the Orgs will still appear on the FY05 (the current year) ORGN table. This is necessary to record any activity on the Orgs that occurs during 2005. For the Orgs that have been deleted from FY06, it is essential that departments monitor the FY05 balances on the BRDH table to ensure that the ending balance is \$0. Orgs with positive or negative balances as of July 28, 2005 (Period 13 Close) will be re-entered onto the FY06 ORGN table by Accounting Services because the balance needs a place to "land" when carry-forward from FY05 to FY06 is processed.

If you want to delete a multi-year, non-sponsored Org, contact Tonya Warren at (612) 624-5748 or taylo130@umn.edu. If you have questions regarding purging a multi-year, sponsored Org, contact Kerry Marsolek in Sponsored Financial Reporting at (612) 624-8053 or kerry@umn.edu.

ADDING ORGS

When the budget prep entry tables open, budgets for FY06 can be entered into the budget prep entry table screens for Orgs that are on the FY06 ORGN table as of that time. If you need to add a new Org, be sure to submit your Organization Request Form to Accounting Services IMMEDIATELY to allow Accounting Services 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 FY05 or FY06 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 FY06 ORGN table. To create budget entry prep tables for the new Org, follow these steps:

- Check the FY06 ORGN table to verify that the Org has been added to the chart of accounts. As soon as the Org appears on the FY06 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 *FY06 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 FY06 is in the *Chart of Accounts FY06 Reference* maintained by Training Services at <http://training.finop.umn.edu/COA06menu.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.

III. 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 *FY06 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.

Summary Tables

- 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 4. Worksheets may also be obtained by accessing the Financial Reports Web (<http://financial.reports.umn.edu>) and selecting the Budget Prep button. 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 FY06 ORGN table as of early March and had at least one active revenue source code, expenditure object or a transfer code in FY05. Worksheets are not produced for Orgs that may have a carry-forward, but have no revenue source or expense codes created during FY05 or for Orgs that were added during 2005, 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 FY06.

Allocated 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

Non-Allocated Funds:

Auxiliary Enterprises

Internal Service Organizations

Private Practice Clinics

Other Unrestricted Funds

Other Restricted Accounts: This category does not 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 FY06 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.

Funds NOT Included in Budget Preparation: 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.

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.)

Entering Revenue Source Reference Codes on Restricted Funds: In the University's financial report, revenues on restricted 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 revenue source reference code 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 FY06 EXPP table. For objects on new Orgs in restricted funds and new objects on existing restricted fund Orgs, however, you must assign a revenue source reference code in the EXPP table.

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 *FY06 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 FY06 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 when the fiscal year budgets are locked. 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. Budgets for multi-year Orgs must be entered through appropriate channels.

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, a message will be posted on the CUFS message screen.

PeopleSoft HRMS: FY06 accounts will be made available in PeopleSoft beginning May 2, 2005. 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 15, 2005 or later.

It is important to note that while the University's fiscal year (and accounts) begins on July 1, 2005, the effective date for payroll is June 15, 2005. 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 FY06 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.

The HRMS Helpline will be getting a report of distributions and draw down encumbrances where invalid salary and fringe account strings for FY06 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 2, 2005, 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 FY06. 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 FY06.

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:

Budgeting for tuition revenue in FY06 will follow the same process as in FY05. 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 Phase II budget instructions each collegiate unit has been asked to review a centrally developed tuition revenue estimate and develop their own intersession/summer session, and regular session tuition revenue estimates for FY06. The proposed increases for FY06 tuition revenue assume an overall 7.5 percent increase in the tuition rate and the university fee combined for individual, resident students with the university fee set at \$900 per year. The specific tuition rate increases used to arrive at the overall tuition and fee increase of 7.5% can be found on page 8 of the FY06 Phase II Budget Instructions Reference.

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 FY06 Allocation Worksheet. 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 FY06 Allocation Worksheet.

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 Phase II of 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 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 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 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

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 and is outlined below.

Under the IMG model, each RRC has a proposed ICR allocation or expenditure authority that was determined in Phase II of the budget cycle. All FY06 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 (as shown on the FY06 Allocation Worksheet). 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 FY06 ICR revenue in Phase III are as follows:

1. Each RRC should enter the estimated ICR revenue that appears on the FY06 Allocation Worksheet 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 FY06 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 the possibility of being left with a deficit

Budgeting for Enterprise Systems Project Assessment:

In December 1997, the Board of Regents approved the original financing plan for the Enterprise Systems Project that included a plan for a portion of the project to be financed by an assessment of total salaries in selected fund classes in all academic and administrative units. This assessment has now been established as a permanent systematic method of assessing units to pay for a portion of the development, implementation, maintenance and replacement of institutional business systems.

As stated in the Phase II Budget Instructions for FY06, the assessment rate for will remain the same as the rate in FY05 and no change in the methodology as used in the current year is being proposed for FY06. The following assumptions should be built into the FY06 plans at this time:

- Estimated assessment cost of **1.25%** of projected FY06 salaries
- Object code used for budgeting the expected assessment is **8610** – Administrative Fees

Refer to the Phase II Budget Instruction Reference document on beginning on page 27 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 Assessment:

For FY06, the IRS rate assessed on academic units will be 8.5% assessed on revenue codes 4000 – 5899, plus 5985. As in previous years, adjustments will be made for tuition and indirect cost revenue to ensure that this revenue is not taxed twice.

The rate assessed on sales and services revenue will remain at 3.75% in FY06. This 3.75% sales and services assessment will be collected as an automatic monthly assessment on a narrow revenue base in fund groups AUX, UNR, and Private Practice (1570 & 1571). For academic units, the amount collected through this automatic assessment of 3.75% will be deducted from the total amount owed at fiscal year end.

Appendix B to these Instructions (Institutional Revenue Sharing and Enterprise Assessment Parameters) provides a complete list of the funds and revenue codes that are included in the IRS assessment calculation. The IRS assessment should be budgeted as object code 8611, Institutional Revenue Sharing.

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:

	<u>FY06</u>
Non-faculty academic employees	3%
Civil Service/Bargaining Unit employees	3%
Faculty	3%

See the reference “Salary Plan Memo – FY06 Phase II Instructions” for details about implementing the salary plan for fiscal year 2006 for non-bargaining unit employees.

Budgeting for Fringe Benefits:

Projected fringe benefit rates for FY06 for use in budget planning are outlined below. See Figures 5 and 6 on pages 23 and 26 of the Phase II Budget Instructions for a breakdown of the components of the rates.

Civil Service (and undergraduate students)	34.9%
Academic	33.0% Graduate Assistant
Health	12.0%
FICA	7.5% *
Tuition	\$11.10/hour

- The indicated rates for graduate students include 7.5% for Social Security and Medicare (FICA). The combined FICA rate for undergraduate students, included in the civil service rates above is 7.3% for FY06. 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).

For purposes of budget planning, all units (with the exception of the Libraries as explained in the Phase II Budget Instructions) should plan to reallocate internal funds to cover 100% of the projected increases in compensation costs in all funds.

Budgeting for Utility Rates:

The utility rates were iterated in the Phase II Budget Instructions 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, 2005;
- 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 Twila Jensen, Facilities Management, at 625-9514.

	FY05 Current Rate	FY06 Estimated Rate
Steam – 1,000 lbs. of steam (MLB)	\$18.87	\$20.00
Electric Kilowatt Hours (KWHR)	.0625	.0641
Water & Sewer Hundred Cubic Feet (CCF) avg.		
Minneapolis Campus	6.39	6.98
St. Paul Campus	2.99	3.25
Chilled Water (GSF)	.68	.70

Budgeting for Price Level Increases:

The institutional FY06 budget plan does not include additional allocations for non-salary inflation.

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 FY06 are on page 32 of the FY06 Phase II Budget Instructions.

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, effective July 1, 1999, the capitalization threshold increased from \$500 to \$2,500.

Budgeting for UROP (Undergraduate Research Opportunities Program):

Decisions about FY06 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 2006, 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 not be submitted to the Budget Office to adjust budgets for UROP awards.

Budget Office Review:

When the budget tables are closed on June 9, 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 fsshhelp@umn.edu. For DWFS access, contact the University Financial Helpline at (612) 624-1617 or fsshhelp@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 FY06 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 28**, and ending **June 15**, Monday through Wednesday. After June 15, 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 available for printing from VIEW or from the Financial Reports on the Web. These reports are the final versions of the budget rollup reports, CUF810-Area, CUF811-Area class, CUF812-Area category, and CUF814-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 access to CUFS through the end of June. Throughout FY06 approved budget information will be available on the Org-level UA-821 report.

User-Generated Web Reports: The FY06 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 *FY06 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 transfers that you plan to do AFTER the start of the fiscal year
- accessing rollup information and reports
- estimating and budgeting for carry-forwards
- handling other problems not addressed elsewhere
- verifying fringe benefit rates

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 fsshhelp@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 fsshhelp@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.



APPENDIX A

SIGNIFICANT DATES AND EVENTS

April

- 4** **Budget Prep Tables open**
- 21 RRC managers meeting

May

- 2** **FY06 accounts available for use in PeopleSoft HRMS**
- 12-13 Board of Regents Meeting
- Late April Leg
- 18 RRC managers meeting
- 23 Legislative session adjourns
- Early FY06 Allocation Worksheets delivered to Deans, Chancellors, Senior Vice Presidents and Executive Unit Heads (final contingent on Board approval June 11)
- 28** **Last day for general users in the AHC to make changes to AHC budget system**
- 30 University Holiday - CUFS will be up.

June

- 1** **Last day for general users (outside of AHC) to make changes to Budget Prep Tables**
- 8** **Last day for RRC managers in AHC to make changes to AHC budget system**
- 9** **Last day for RRC managers (outside of AHC) to make changes to Budget Prep Tables**
- 10 FY06 Operating Budget reviewed by Board of Regents
- 11 FY06 Operating Budget approved by Board of Regents
- 15 RRC managers meeting



Attachment B
Assessment Parameters – FY06

	Enterprise Assessment [Automated Program]
Assessment rate	1.25%
Units assessed	Collegiate, campus, and central administrative units
Assessment base	<u>Salaries:</u> Objects: 7000, 7005, 7010, 7015 All sub-objects except for 50 – Work-tudy
Fund groups and/or funds	Operations & Maintenance (GOM) Restricted State Specials (RSS), except LCMR funds Indirect Cost Recovery (ICR) Auxiliaries (AUX) Unrestricted (UNR) Private Practice (1570, 1571)
Exclusions	RRCs: TESP, TINA, TSYS Retirement Allowances: 1003-776-1100 Deferred Compensation Supplement: 1198-775-3020 NIH Offset Accounts: orgs > 6000 on 1198 funds LCMR funds: 1520, 1527, 1534, 1542
Timing	Monthly – based on actual salaries in that month Posted approximately two days before soft close of the current month
Document ID	JV UNA {XX}XXXXXX UNA <u>UN</u> iversity <u>A</u> ssessment {XX} Current accounting period on which assessment is based XXXXXX – sequential numbering
Level of assessment	fund-area-org
Object/subobject code charged in your account	8610 / 20 Administrative Fees / University Assessments
Paper reports	No distribution to units 1 copy maintained in Budget Office
Questions?	University Financial Helpline – 624-1617 Budget Office – 625-4517

	Institutional Revenue	Sharing (IRS) – Twin Cities
	[Automated Portion]	[Total Assessment]
Assessment rate	3.75%	8.5%
Units assessed	Collegiate and central administrative units – Twin Cities	Collegiate units – Twin Cities
Assessment base	<u>Actual Revenues:</u> Revenue Codes: 4230, 4300, 4301-4339, 4500, 4600, 4610, 4400 except for sub-revenues 30 & 45, 4620 except for sub-revenues 45 & 55, 4920, and 4950	<u>Actual Total Revenues:</u> Revenue codes: 4000 – 5899, plus 5985, with adjustment for TUIT and IDCR
Fund groups and/or funds	Auxiliaries (AUX) Unrestricted (UNR) Private Practice (1570, 1571)	Central Reserves (CRS) Operations & Maintenance (GOM) Indirect Cost Recovery (ICR) Auxiliaries (AUX) Unrestricted (UNR) Federal Appropriations (FAP) State Specials (RSS) Non-sponsored-Bus & Industry (NBI) Non-sponsored-Foundations (NFD) Non-sponsored-Federal (NFU) Non-sponsored-Other Governments (NGV) Non-sponsored-State of MN (NMN) Non-sponsored-Other (NOT)
Exclusions	RRCs: TESP, TINA, TSYS Computer Store: 1113-593-1100 Other Central Pools (fringe benefit pool allocations) ISSS: 1198-287-1125 ISWOP: 1198-287-1150 ISTC: 1198-700-1004 China Center Global Campus Agricultural Commodities (TAES, TCOA) Campus Life Student Organizations	RRCs: TESP, TINA, TSYS Revenue code 4410 – Internal Sales AES federal appropriations: funds 1403, 1404, 1406, 1416 Agricultural Commodities (TAES, TCOA) Affiliated hospitals salary reimbursements: fund 1859, rev/subrev 4300 / 65, 1855-655-1095; 1855-655-1970 1198-657-1466 County funded salary reimbursements: 1854-423-2021; 1854-423-2022; 1854-425-2610; 1854-426-2610; 1854-428-2610; 1854-428-2630; 1854-429-2610; 1854-429-2620; 1854-429-2630; 1854-430-2610 (TEXT) Concerts & Lectures – non-University revenue (outside performances) Object code 7800, sub-object 10 and 40, all funds and object code 8620 all funds
Timing	Monthly – based on actual revenues in the previous month Posted approximately two working days after soft close for the previous month	Annually – based on 8.5% of actual revenues for the current fiscal year less 3.75% automated calculation. Bills will be sent to each unit in accounting period 13 of fiscal year.
Document ID	JV IRS {XX}XXXXXX IRS Institutional Revenue Sharing {XX} Previous accounting period on which assessment is based	IV{XXX}XXXXXXXXX {XXX} Area number of unit preparing the document Paying unit will prepare the transaction
Level of assessment	Fund-area-org	Collegiate level or below – college Dean is to make determination
Object/sub-object code charged in your account	8611 / 10 Institutional Revenue Sharing / IRS	8611 / 10 Institutional Revenue Sharing / IRS
Questions?	University Financial Helpline – 624-1617 Budget Office – 625-4517	Budget Office – 625-4517

	Institutional Revenue	Sharing (IRS) - Coordinates
	[Automated Portion]	[Total Assessment]
Assessment rate	3.75%	8.5%
Units assessed	Coordinate campus collegiate and central administrative units	Coordinate campus collegiate units
Assessment base	<u>Actual Revenues:</u> Revenue Codes: 4230, 4300, 4301-4339, 4500, 4600, 4610, 4400 except for sub-revenues 30 & 45, 4620 except for sub-revenues 45 & 55, 4920, and 4950	<u>Actual Total Revenues:</u> Revenue codes: 4000 – 5899, plus 5985, with adjustment for TUIT and IDCR
Fund groups and/or funds	Auxiliaries (AUX) Unrestricted (UNR) Private Practice (1570, 1571)	Central Reserves (CRS) Operations & Maintenance (GOM) Indirect Cost Recovery (ICR) Unrestricted (UNR) Federal Appropriations (FAP) State Specials (RSS) Non-sponsored-Bus & Industry (NBI) Non-sponsored-Foundations (NFD) Non-sponsored-Federal (NFU) Non-sponsored-Other Governments (NGV) Non-sponsored-State of MN (NMN) Non-sponsored-Other (NOT)
Exclusions	Other Central Pools (fringe benefit pool allocations)	Revenue code 4410 – Internal sales UMD Telecom: 1196-182, rev src 4150 Pell & SEOG: fund-areas 1810-121, 1811-121, 1822-213, 1823-213, 1835-271, 1836-271, rev src 4300 Area Class DFAC-Facilities Mgmt (Duluth) Area 115-Plant Services (Crookston) Area 268-Plant Services Admin (Morris) Object code 7800, sub-object 10 and 40, all funds And object code 8620 all funds
Timing	Monthly – based on actual revenues in the previous month Posted approximately two working days after soft close for the previous month	Annually – based on 8.5% of actual revenues for the current fiscal year less 3.75% automated calculation on UNR funds. Bills will be sent to each unit in accounting period 13 of fiscal year.
Document ID	JV IRS {XX}XXXXXX IRS Institutional Revenue Sharing {XX} Previous accounting period on which assessment is based XXXXXX – sequential numbering	IV{XXX}XXXXXXXXXX {XXX} Area number of unit preparing the document Paying unit will prepare the transaction
Level of assessment	Fund-area-org	Campus level or below – Vice Chancellor of Finance to make determination
Object/sub-object code charged in your account	8611 / 10 Institutional Revenue Sharing / IRS	8611 / 10 Institutional Revenue Sharing / IRS
Questions?	University Financial Helpline – 624-1617 Budget Office – 625-4517	Budget Office – 625-4517

Note: Auxiliary fund revenues are NOT included in the Total Assessment calculation – auxiliary revenues are charged 3.75% on a monthly basis.