



**FY10  
BUDGET PREP INSTRUCTIONS**

**Preparing Budgets in the Enterprise Financial System**

**University Budget and Finance  
<http://www.budget.umn.edu>**

**FEBRUARY 2009**



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## I. OVERVIEW

### 1. Introduction

In the new Enterprise Financial System, budgeting at the University can be divided into two distinct budget entry phases: 1) the Budget Development Worksheet, and 2) Final Budget Entry. The Budget Development Worksheet is the high-level, early budget plan that as of FY10 is now entered directly into PeopleSoft. This worksheet is intended to provide an early glance at the anticipated revenues and expenses for each unit across the entire University and is used by the Senior VP's and Budget Office as a planning tool for initial budget discussions. Final Budget Entry is the mechanism by which annual budget plans for current non-sponsored funds are entered into the Enterprise Financial System and balancing back to the approved revenue and expense target allocations occurs. A U-wide final budget will be approved, balanced, locked and loaded at the beginning of each fiscal year just as it has been in the past.

This document concentrates on building revenue and expense budgets in the Enterprise Financial System (the Final Budget Entry phase). Resource responsibility center (RRC) managers will guide departments in using the on-line PeopleSoft budgeting module to set up their annual budgets. These budgets include revenue and expense 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 FY10 budget entry process is now performed entirely in the PeopleSoft module. Training for "Budget Entry" is being provided by Training Services and began the week of January 20. For FY10, the EFS budgeting tool will be available beginning the week of January 20, to those that have been trained, passed the assessment, submitted the appropriate ARF and been given the appropriate access.

There is one critical budget deadline for RRC managers and that is the date by which the budgets must be submitted via PeopleSoft to the central budget office. For FY10, all budgets will be due and must be submitted to the University Budget & Finance Office by **June 12, 2009**. **Since there is no general user deadline that is centrally mandated by a system "cut-off" date, it will be important that each RRC set their own internal deadline for DeptID budget submission to them to allow enough time for evaluation and balancing prior to submission to the central budget office.**

See **Appendix A** for a list of significant dates in the budget development process. Due to the current economic outlook for the state of Minnesota, the FY10 allocation detail for academic units will likely not be distributed to deans, chancellors, and vice presidents, until very late in the budgeting process. Preliminary allocation information for FY10 for support units will be distributed in early February but is also likely to change as more information becomes available with regard to the University's state appropriations. The June 12 submission date will be reviewed in the event of late legislative action.

This document describes changes and provides information for the FY10 budget prep process. Specific instructions on how to enter budgets into the EFS are in the *FY10 Budget Entry Manual*. The manual is provided to anyone who attends the Budget Entry training course through Training Services (612) 626-1373 or [trngsvcs@umn.edu](mailto:trngsvcs@umn.edu).

## 2. Expected Outcomes of Budget Preparation and Entry

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

- ❑ All budget input must be completed by the RRC submission date **June 12, 2009**.
- ❑ All budget information will be entered using the Enterprise Financial System budgeting tool and the procedures described in these instructions.
- ❑ Budgets will be prepared on chartstrings 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 chartstrings in the plant fund.
- ❑ The PeopleSoft budgeting tool is intended for entering approved budgets for fiscal year non-sponsored, current funds and selected plant funds only (not accounts with multi-year designations).
- ❑ All anticipated resources (carry-forward, FY10 allocations, revenues, and transfers-in), as well as expenditures (including cost pool allocations) and transfers-out, need to 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.
- ❑ Anticipated carry-forward amounts should be budgeted in Account value 900100.
- ❑ Budgets represent annual plans; so budget adjustments generally should not be necessary during the year. Developing a sound budget plan should minimize the need for adjustments to the budget but may not eliminate it. Adjustments to approved budgets should be made when they serve the same planning or control purposes that are served by setting up annual budgets, thereby resulting in more accurate budgeting and better tracking of revenues and expenses. Questions regarding budget journals and their appropriate use should be directed to your budget officer.
- ❑ University policy states that budgets at the fund/Budget Dept ID level cannot be in deficit at fiscal-year-end. In other words, planned expenditures and transfers-out cannot exceed available and planned resources. Actual deficits must be cleaned up prior to fiscal-year-end.
- ❑ Generally, budget plans at any level 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. However, structural imbalances with an approved plan for spending reductions or funding increases should budget the imbalance in PeopleSoft.
- ❑ Academic Unit RRC managers must insure that FY10 budgeted allocations on revenue Account codes 420200, 421200 and 460200 match the RRC approved allocations. Support Unit RRC managers must insure that FY10 budgeted allocations on revenue Account code 440100 match the RRC approved allocations (see the SPECIAL BUDGETING ISSUES section of this document for further instructions on budgeting for these revenues).
- ❑ Planned revenues and expenditures, and transfers-in and out should be budgeted in the revenue and expense account codes in which they are expected to occur. It is not acceptable to budget all revenue in a single revenue account code or to budget all expenditures in a single expense account code even if the total amounts equal the actual estimated total expenditures in all expense account codes.

- ❑ Transfers-in should have corresponding transfers-out budgeted when both sides of the transfer are known (Account codes 6XXXXX).

By **June 12, 2009**, RRC managers must insure that their PeopleSoft budgets satisfy the above criteria. The central budget office will work with each RRC manager to identify problems and recommend solutions before the final budgets are balanced and loaded for the fiscal year.

### **3. Budget Entry Training and EFS Access**

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

Beginning in January 20, 2009, budget entry "Hands-on" training sessions is being offered to employees who have requested the training through their RRC manager. For information about training sessions call Training Services at (612) 626-1373 or [trngsvcs@umn.edu](mailto:trngsvcs@umn.edu). For security information, contact the University Financial Helpline at (612) 624-1617 or e-mail at [finsys@umn.edu](mailto:finsys@umn.edu).

**EFS Operating Hours:** The Enterprise Financial System is available 24/7 with the exception of the regular Sunday maintenance window which runs from 6:30 a.m. to 12:30 p.m. If and when an emergency required a change in operating hours, the EFS Update e-mail will provide the most current information.

## **II. BUDGETING FOR CENTRAL ALLOCATIONS**

With the budget model that was implemented in FY07 virtually all revenue is being assigned directly to the unit that generates the revenue, and in turn, all costs are being allocated to those revenue generating units. This leaves no centrally allocated state support, ICR, or tuition/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.

The cost allocation pools are:

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:

**1. Academic Units (as identified in the Academic Unit Budget Instructions)**

Revenue Allocations

O&M, State Special appropriations, Tuition, UFee, Central Reserves, and ICR will continue to be budgeted and must match the FY10 allocations approved by the University Budget Office (to be communicated in the final allocation letter). The RRC can, in turn, allocate these revenues to their DeptIDs. The following should reconcile to your approved allocations/revenue authority:

**EXAMPLES:**

Approved Tuition – budgeted in program UM001	400100	\$ 1,000,000
	420200 *	(\$ 1,000,000)
Approved UFee – budgeted in UM002	410100	\$ 1,000,000
	420200 *	(\$ 1,000,000)
Approved O&M, Tuition & UFee – Academic Units–any programs	420200 *	\$10,000,000
Approved O&M – Support Units only–any programs	440100	\$10,000,000
State Special (relevant fund) – any programs	421200	\$10,000,000
ICR – budgeted in UM003	460100	\$ 5,000,000
	460200	(\$ 5,000,000)
any programs	460200	\$ 5,000,000
Central Reserves – any programs	600400	\$ 1,000,000

\* Note: The NET total budgeted in 420200 will equal only your total O&M allocation

See the SPECIAL BUDGETING ISSUES section of this document for further details regarding these allocations.

### Cost Allocations

There are 15 Account codes to be used by academic units to record the allocated cost pool expense:

- 830100 – Cost Alloc Admin Srvc – Admin Service Units System-wide
- 830200 – Cost Alloc Admin Svc – Admin Service Units Twin Cities
- 831100 – Cost Alloc Info Tech – Technology System-wide
- 831200 – Cost Alloc Info Tech – Technology Twin Cities Only
- 832100 – Cost Alloc Facilities – Facilities O&M Twin Cities Only
- 832201 – Warehouses-TC – Warehouses – TC
- 833100 – Cost Alloc Student Services – Student Systems & Services – SW
- 833200 – Cost Alloc Student Services – Student Systems & Services TC
- 833300 – Cost Alloc Student Services – Student Services Undergrad TC
- 833400 – Cost Alloc Student Services – Student Services Graduate
- 834100 – Cost Alloc Research – Research
- 835100 – Cost Alloc Libraries – Libraries
- 836100 – Cost Alloc Gen Purp Clsrm – Gen Purp Classroom-TC
- 837100 – Cost Alloc Debt Serv – Debt Service
- 837201 – Cost Alloc Leases Cost – Leases

(See Below for more on Utilities)

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

Cost pool charges will be assessed to each academic unit in March 2010 via an allocation in PeopleSoft. The allocation will create journal entries based on the budgeted amounts in PeopleSoft.

In developing plans for where these expenses will be allocated within the unit, please note the cost allocation expenses must not be budgeted in Internal Sales funds, in sponsored funds or in any non-current fund (e.g. plant fund or agency funds). 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 PeopleSoft program is being created for these charges, use the function type “Institutional Support”.

### Budgeting for Utility Charges

All utilities, including electric, heating gas, non-heating gas, steam, water and chilled water, should be budgeted using existing PeopleSoft **Account code 781100 and Program UM004**

Estimates to be budgeted for utilities costs will also be communicated in the final allocation letter.

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 Fund-

DeptID-Program for buildings where they occupy space. Please note: at most one chart string within a DeptID 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 DeptID 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. Please note: if you are using a grant chartstring that will expire before the end of the fiscal year, now would be a good time to provide FM a chart string to use after the chartstring expires.

Charges for utilities are established under an Internal Sales 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. The utility rates are listed below and:

- 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, 2009;
- 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 steam. Monthly rates will vary slightly based upon University and district consumption patterns for water and sewer.

If you have questions, call either Shari Zeise (5-9429) or Wendy Berkowitz (4-8886) in Facilities Management.

	FY08 Rate	FY09 Current Rate	FY10 Estimated Rate
Steam – 1,000 lbs. of steam (MLB)	\$20.74	\$20.20	\$22.50
Electric Kilowatt Hours (KWHR)	\$.0784	\$.0767	\$.0817
Gas	\$12.00 Dkthrm	\$11.17 Dkthrm	\$11.17 Dkthrm
Water & Sewer Hundred Cubic Feet (CCF) avg.			
Minneapolis Campus	7.06	7.53	7.89
St. Paul Campus	3.84	3.83	4.17
Chilled Water	\$0.26 ton/hr.	\$0.26 ton/hr.	\$0.25 ton/hr.

**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](http://www.facm.umn.edu) and select “Instructions” (the blue book icon on the website).

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 there is a training document link at [www.facm.umn.edu](http://www.facm.umn.edu).

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: either Shari Zeise (5-9429) or Wendy Berkowitz (4-8886) in Facilities Management.

Questions on utility budgeting, forecasting or other issues should also be directed to either Shari Zeise (5-9429) or Wendy Berkowitz (4-8886).

## **2. Central Support Units (as identified in Central Support Unit Budget Instructions)**

Budgeting the centrally allocated O&M funding for central support units will involve the following:

Use the Account code 440100 –Central Cost Pool Allocation - which was created to budget the approved cost pool allocation to the central support units.

The preliminary amount to be budgeted by each central support unit will be communicated in a letter to the unit head in February 2009. Due to the uncertainty of appropriations for the 2010-11 biennium, however, the allocation will likely change before the end of the budgeting process, therefore, the allocation targets may not be entered into PeopleSoft or quite some time.

Central support units are not charged costs under the current budget model and therefore should not budget anything in the cost pool account codes listed earlier in this document.

## **III. CHART OF ACCOUNTS MAINTENANCE**

### **1. Updating ChartField Values**

The Chart of Accounts (COA) relies on shared ChartField values that are maintained centrally by Accounting Services and the University Budget Office. For ChartFields used for non-sponsored activity, departments can request changes, deactivations and/or additions to several ChartField values.

## **DeptID, Program, CF1, CF2, FIN EmplID**

Maintenance requests (add, change, deactivate) for the DeptID, Program, CF1, CF2, and FinEmplID can be made throughout the fiscal year. Changes that you want effective next fiscal year should be submitted now so that the updated values are available during budget entry. Instructions for using BPEL to submit COA maintenance requests are posted on the Training Services website under “Chart of Accounts”:

(<http://www1.umn.edu/ohr/trainingservices/materials/financial/index.html>).

Deactivation requests should only be submitted after confirming that a value is not and will not be used by the general University community. A ChartField value can only be deactivated if it is not used for anything by anyone in any module of the financial system.

## **Fund, Account**

Due to the impact on processes in the financial system and to financial year-end reporting, changes to Fund and Account ChartFields are evaluated and implemented only on an annual fiscal year basis. The review of recommendations for FY10 is already in progress, and changes will be communicated soon. You can submit recommendations for future changes to Fund and Account by sending an e-mail to: [finsys@umn.edu](mailto:finsys@umn.edu).

## **PCBU, Project, Activity, CS**

Contact your Grant Administrator in SPA for information on COA maintenance for sponsored projects.

## **Excluding A ChartField String**

A ChartField string creates a unique combination of values that is used to track financial information for a particular activity. If no money is budgeted for at least one complete string for a particular Fund-DeptID-Program combination (including any strings that also contain other ChartFields), then that Fund-DeptID-Program will not be available for expense transactions. So, it is possible to prevent spending on a ChartField string without performing any COA maintenance, just don't budget a complete chart string for that Fund-DeptID-Program. To ensure that no money is budgeted and to remove a non-sponsored ChartField string from the Detail Budget page, click the [Exclude] box on that ChartField string.

## **2. Reference Materials**

While somewhat dated, the most current *Chart of Accounts Reference Manual* published by Training Services provides information on the Chart of Accounts and current values. It is available on the web at: <http://www1.umn.edu/ohr/trainingservices/index.html>. This manual will provide the revenue, expenditure, and transfer account codes that are needed for FY10 budget entry. For the most current ChartField values, refer to the COA Values pages in the financial system at: Set Up Financials/Supply Chain > Common Definitions > Design ChartFields > ChartField Values.

Contact your RRC manager, the University Financial Helpline ([finsys@umn.edu](mailto:finsys@umn.edu)), or Accounting Services for additional guidance in the appropriate use of these codes or with other COA questions.

## IV. BUDGETING FOR REVENUES, EXPENSES and TRANSFERS

This manual will provide the revenue, expenditure, and transfer account codes that are needed for FY10 budget entry.

**1. Funds Included in Budget Preparation:** Enter budgets into the PeopleSoft budgeting tool for Accounts in the following funds:

### Centrally Allocated and Attributed Funds:

General Operations and Maintenance:

State Appropriation

Tuition and Fees (RRC level only)

Restricted State Specials

ICR

Central Reserves

Other Central Pools: Limited allocations to Other Unrestricted Fund

### Other Current Funds:

Auxiliaries

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 current *Chart of Accounts Reference* located at:

[http://www1.umn.edu/ohr/prod/groups/ohr/@pub/@ohr/documents/asset/ohr\\_83685.pdf](http://www1.umn.edu/ohr/prod/groups/ohr/@pub/@ohr/documents/asset/ohr_83685.pdf).

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/reserve chartstrings in the plant fund.

**2. Funds NOT Included in Budget Preparation:** Do not enter budgets into the PeopleSoft budgeting tool for Accounts in the following funds.

### Current Funds:

Sponsored Funds (3XXX funds): These funds should not be budgeted in the general budgeting tool, SPA coordinates entry of these budgets into EFS through the grants module

**Non-Current Funds:**

.....you are not required to enter a budget plan for these funds.....

Loan Funds (5XXX funds)

Endowment Funds (6XXX funds)

Agency Funds (9XXX funds)

Plant Funds (7XXX funds) (**exception:** budgeting is allowed on certain plant funds for equipment replacement/reserve purposes)

**NOTE:** The PeopleSoft budgeting tool will display the chart strings for the non-sponsored funds that had a budget and actual activity in FY09; however you must create an FY10 budget if you want them to display and you anticipate activity in FY10 (none of these will populate to FY10 automatically or create zero dollar FY10 budgets). If you wish to budget additional non-current non-sponsored funds, such as agency or plant funds, you can add a line while budgeting and include these additional chart strings in your budget plans as well. Keep in mind, if you are going to spend on any non-current non-sponsored funds in FY10 and you do not budget them during budget prep, you must set up a budget in the commitment control ledger during the fiscal year at the Fund-DeptID-Program-Account 007000 level to ensure budget checking will pass transactions to the general ledger.

**3. Entering Revenue Source Reference Codes on Restricted Funds:** The new revenue Account values that were established in PeopleSoft have eliminated the concern over assigning the appropriate revenue source code on restricted funds.

**4. Multi-Year vs. Fiscal Year:** The PeopleSoft budget tool is for entering approved budgets for fiscal year, non-sponsored, current funds and selected plant funds only. Do not prepare or enter budgets in the PeopleSoft Budgeting tool for sponsored funds or any other funds that cross fiscal years (the old MY accounts in CUFS which are now Projects in PeopleSoft)

**V. SPECIAL BUDGETING ISSUES**

**1. Budgeting for Tuition Revenue (Academic Units):**

Budgeting for tuition revenue in FY10 will continue to adhere to the IMG model with 75% of the revenue attributed to the college that teaches the course and the remaining 25% of the revenue going to the college where the student taking the course is enrolled.

In the academic unit budget instructions each unit will be asked to review a centrally developed tuition revenue estimate and develop their own intersession/summer session, and regular session tuition revenue estimates for FY10. The proposed increases for FY10 tuition revenue will 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 \$1,200 per year. The specific methodology used to

arrive at the overall tuition and fee increase of 7.5% will be available in Academic Unit Budget Instructions which will be distributed in early February.

Under the IMG model, the gross tuition is credited initially to a central chart string. During each academic session the net revenue is moved from this central account to specified tuition chart strings set up by each collegiate unit. This is done by recording expenses for the waivers and other reductions to the gross revenue and then moving the NET revenue to the appropriate collegiate chart strings.

The total amount budgeted in the collegiate level tuition chart strings must match the collegiate unit's approved budget tuition revenue authority as will be noted on the FY10 Allocations when they are made available. The collegiate level tuition should show the approved tuition amount for account 400100 and program UM001. When colleges budget their allocations to the department level, they should consider the total allocation available -- the sum of their O&M (state subsidy) allocation and their tuition and U Fee revenue authority -- and make their departmental budgeting decisions based on that total. *Colleges do not have to allocate the two pots separately.* Centrally, we will make sure that the total amount approved as tuition/U Fee revenue authority and O&M (state subsidy) reconciles to the amounts that will be specified in the FY10 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 adjustments can be made through expenditure reductions or increased tuition generation. If at year-end the amount of actual tuition revenue in the tuition chart string is less than the amount budgeted, a transfer needs to be made to bring the ending balance to \$0. Likewise, if at year-end the amount of actual tuition revenue in the tuition chart string is more than the amount budgeted, a transfer needs to be made out of the account to balance the account to \$0.

The steps in PeopleSoft to prepare a budget for tuition revenue 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 using the following chart string:

Fund 1000  
DeptID Unique Collegiate DeptID  
Program UM001  
Account 400100

3. Enter a negative amount in the following chart string to redistribute the tuition budget out to departments:

Fund 1000  
DeptID Unique Collegiate DeptID  
Program UM001  
Account 420200 (negative amount)

4. Using the State O&M Appropriation redistribution code 420200, 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. These will be positive amounts in account 420200.  
*Collegiate units do not have to allocate the tuition/U fee separately from the state subsidy.*

5. Through the PeopleSoft Budgeting Tool, the Budget Office will be able to ensure that the total amount budgeted as tuition revenue and U Fee revenue and O&M (state subsidy) allocation combined reconciles to the amount in account 420200 budgeted both from central accounts and collegiate tuition accounts.

**EXAMPLE:**                      College A

1. Agreed upon tuition revenue authority budgeted using account 400100  
\$2,000,000
- 1a. Agreed upon U Fee revenue authority budgeted using account 410100  
\$1,000,000
- 1b. O&M (state subsidy) allocation  
\$2,000,000
2. Amount budgeted as 400100 in college A’s tuition account string  
\$2,000,000
3. Amount budgeted as 410100 in college A’s U Fee account string  
\$1,000,000
3. Amount budgeted as 420200 in College A’s tuition account (negative) \$3,000,000
4. Amount budgeted in College A’s departments using account 420200 (positive)  
\$5,000,000

**2. Budgeting for U Fee Revenue (Academic Units):**

To budget for University Fee revenue, users will use the same steps as budgeting for tuition revenue except the U Fee revenue authority will be budgeted using the following account string:

Fund	1000
DeptID	Unique collegiate DeptID
Program	UM002
Account	410100

Again, using the State O&M Appropriation redistribution code 420200, each RRC allocates to their departments an amount equal to the total of their combined O&M (state subsidy), tuition and U Fee revenue authority. RRC’s do not have to allocate these revenues separately.

In order to redistribute the University Fee revenue to departments, a negative amount exactly equal to the agreed upon U Fee revenue estimate must be entered in the following chart string:

Fund	1000
DeptID	Unique Collegiate DeptID used above
Program	UM002
Account	420200 (negative amount)

### 3. Budgeting for ICR Revenue:

Beginning in FY07, units receive 100% of their generated ICR revenue. Budgeting ICR revenue in PeopleSoft is similar to the process of budgeting tuition revenue, except PeopleSoft allows the ICR revenue to be credited directly to a collegiate ICR account string eliminating the need for the Budget Office to move the revenue periodically from a central account string to the collegiate account strings.

Each RRC has a proposed ICR allocation or expenditure authority that was determined early in the budget cycle. The total amount budgeted in the collegiate ICR chart string must match the unit's approved ICR expenditure authority (which will be communicated with the FY10 Allocations). To budget for F&A revenue, follow the same steps as budgeting for tuition and University Fee revenue except the ICR revenue authority will be budgeted in a unique collegiate ICR account string as follows:

Fund	1026
DeptID	Unique Collegiate DeptID
Program	UM003
Account	460100

Each RRC then allocates this ICR budget to their departments using the ICR Redistribution account code 460200. The amount budgeted on departmental account strings must be to equal the approved ICR revenue estimate for the RRC.

The Budget Office will verify the total amount budgeted as ICR revenue reconciles to the amount in account 460200.

The steps necessary to enter the FY10 ICR revenue estimate is as follows:

1. Each RRC should enter the estimated ICR revenue that will be communicated with the FY10 Allocations in the ICR chart string specified above. Next, enter the same amount using the ICR redistribution account code 460200 – this amount should be entered as a negative. This should result in a budgeted ending balance of \$0 in the collegiate-level ICR account string – actual surpluses at the end of the year should be transferred out of the ICR chart string and deficits should be eliminated with a transfer in from another chart string.
2. Use the ICR redistribution account code 460200 to set up departmental ICR budgets or to budget a collegiate-level reserve account - these amounts should be positive. The combined amount of the budgets set up in all departments within an RRC (including the RRC-level reserve account) should equal the approved ICR expenditure authority amount for FY10 that was entered in the collegiate ICR chart string in step 1 above.

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 within that RRC chart string. Units are strongly encouraged to budget expenditures at an amount less than the expected revenue to guard against a potential deficit.

#### **4. 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. The Enterprise Assessment will continue until the projects currently and previously funded through this mechanism are paid off, currently projected through FY15.

As stated in the Support and Academic Unit Budget Instructions for FY10, the assessment rate for FY10 will remain the same as the rate in FY09. The following assumptions should be built into the FY10 plans at this time:

- Estimated assessment cost of **1.25%** of projected FY10 salaries
- The Account code used for budgeting the expected assessment is 820200 – Enterprise Assessment (the actual charge will show up in 820201 – Enterprise Assessment)
- Assessment is on actual salary expenditures and both debits and credits to salaries are included in the calculation.

When they are available, you can also refer to the Support and Academic Unit Budget Instructions for FY10 for further information on which salary account codes are included in the rate calculation.

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

#### **5. Budgeting for Salary under Current 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>FY10</u>
Non-faculty academic employees	0%
Civil Service/Bargaining Unit employees	0%
Faculty	0%

#### **6. Budgeting for Fringe Benefits:**

Projected fringe benefit rates for FY10 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.

Academic	32.3%
Civil Service (and undergraduate students)	37.0%

Graduate Assistant

Health	16.84%
FICA	8.16% *
Tuition	\$13.92

- The indicated rates for graduate students include 8.16% for Social Security and Medicare (FICA). The combined FICA rate for undergraduate students, included in the civil service rates above is 8.16% for FY10. 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 2005-11, issued by the IRS, the University no longer applies an “hours worked” limitation. The IRS student FICA guidelines are located on the Payroll Services website at: <http://www1.umn.edu/ohr/payroll/tax/irsstudent/index.html>. This website also links to the FICA graduate, undergraduate and summer rules. Questions regarding the withholding requirements may be directed to the Human Resources Call Center at (612-625-2016).

**7. Combo Codes for PeopleSoft HRMS and Student Systems:**

PeopleSoft HRMS and Student Systems rely on the use of combo codes that represent a given chart string.

In order to generate combo codes during budget entry for FY10 the following rules must be observed:

1. The budget line can not be for zero dollars, it must contain at least a penny. The preferred budget would contain a reasonable estimate of anticipated expenses.
2. Budget lines for zero dollars will not create combo codes and therefore will not be able to be used by the payroll and student systems
3. Budget entry does not allow for reversals. Reversals are only done on budget journals during the year in order to simulate a zero dollar budget entry.

Fiscal year 10 budget lines may not be available for the Student and HRMS systems prior to July 1, 2009. As such, it would not be possible to enter distribution changes in HRMS or PeopleSoft payroll in advance of July 1. If this changes and advance entry becomes possible, the budget office will send out an additional communication.

Reminder: the relevant salary and fringe Account codes for budgeting are:

700100 (Salaries - Faculty)	710100 (Fringe – Faculty)
700200 (Salaries-Prof. & Admin)	710200 (Fringe-Prof & Admin.)
700300 (Grad Student Salaries)	710300 (Fringe–Grad Student)
700400 (Undergrad Stud. Salaries)	710400 (Fringe-Undergrad Student)
700500 (Civil Serv. Barg. Unit Salaries)	710500 (Fringe-Civil Serv. Barg. Unit)

## **8. Budgeting for UROP (Undergraduate Research Opportunities Program):**

For FY10, UROP entries must be performed by each unit as they are no longer be performed by UROP staff. Units expecting UROP awards should be sure they have established programs associated with the appropriate DeptIDs in PeopleSoft to accommodate for these awards. Under Function 1110 - Research-Non-Sponsored, the proper PeopleSoft program code is: 20083 UROPAwd. Budget Journals can then be utilized in PeopleSoft to adjust budgets as needed based on the individual grants.

## **9. 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 FY10 are included in the Support and Academic Unit Budget Instructions for FY10.

## **10. Budgeting for Capital Asset Purchases**

The University's Purchasing, Budgeting and Asset Management modules are integrated in PeopleSoft. Beginning in FY10, units will be encouraged to budget for capital equipment purchases and their associated depreciation expense. The budgeting tool will enable units to calculate and enter annual depreciation amounts for both new and existing equipment. PeopleSoft Purchasing has been configured to automatically calculate an annual depreciation amount (based on cost and life expectancy) and post it as an expense in the general ledger for each planned capital purchase. However, for reporting purposes and the calculation of carry-forward balances, the depreciation "expense" is removed and the purchase prices of the capital asset is added to the expenses to arrive at a more accurate "cash" balance.

There currently is not a University-wide requirement being contemplated to require that this annual depreciation expense be funded; however it could be useful for those who would like to maintain a fully funded equipment replacement reserve.

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

See the Budget Entry Training manual on the Training Services website for additional information regarding budgeting for capital asset purchases.

## **11. 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 610300 on their current fund chartfield string) to specific chartfield strings in the plant fund (using transfer-in code 600300 on the plant fund chartfield string). In chartfield strings that include the equipment replacement/reserves, departments budget the planned expenditures on Account 168100. Since balances in the equipment replacement/reserves plant funds earn interest under the Temporary Investment Pool (TIP) program, departments should budget anticipated interest on revenue Account 580200 in the plant fund chartfield string. *Note: balances in fund 7201, 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 7401 for transfers from GOM funds
- fund 7200 for transfers from other unrestricted funds
- fund 7700 for transfers from restricted, non-sponsored funds
- fund 7201 for transfers from ISO funds (does not earn TIP income)

## **VI. ADDITIONAL INFORMATION**

### **1. TIP Charges**

It is anticipated that TIP charges will continue to be assessed in some manner on departmental deficits in PeopleSoft in FY10. In addition, it is likely that TIP earnings will continue to be distributed on positive balances in the equipment and building replacement reserves, on applicable loan funds, and on sponsored accounts where it is required. Further communication will be forthcoming as policy and procedural decisions are made regarding the level of balance roll-up and the frequency and timing of the FY10 TIP assessments.

### **2. Budget Office Review:**

After the RRC's have submitted their budgets on June 12, 2009, the University Budget Office will begin reviewing them to ensure the expected outcomes of budget preparation are met.

## **VII. REPORTS AVAILABLE TO ASSIST YOU**

There are two summary level budget reports that are available to assist you with budgeting:

1. The Fund-Program report – this report will show you budgets by Fund and then program, it will give subtotals by Fund. The information provided is budgeted carry-forward, revenue, transfers in, adjusted expenditures, transfers out and ending balance. You can choose to set the run by entering your RRC where you will get information by DeptID within the RRC or

you can choose to run it by Budget Level 4 (roughly equivalent to Department) where you will get information by DeptID with that Budget Level 4.

2. The Program-Fund report – this report is essentially the same as the Fund-Program report, but summed at the Program level instead of the Fund level.

The first sort order for both reports is DeptID, then Program or Fund, whichever you chose.

All of these reports are available in the PeopleSoft reporting instance at:

<https://fsrpt.psoft.umn.edu/psp/fsumrpt/?cmd=start&>

NOTE: The reporting instance has a one-day lag from production but is the preferred method for running reports because it doesn't affect production performance.

The report path is >UM Budgeting>UM RRC Managers (or DEPT ID if you prefer)>UM Reports>Fund or Program

You will then perform a Run Control, so add a new value and name it

You must enter the following:

- Business Unit: UMN01
- FY: 2010
- DeptID – a normal Dept ID or any value on the Budget Tree (the Z values which most closely represent the areas in CUFS)
- Fund and Program can be left blank to return all values or you can enter specific values to narrow your search
- SAVE
- RUN
- Make sure the server name is: PSNT
- OK

You can then view the process monitor for the status or go directly to the report manager and click on the output file link.

To access financial reports on the Financial Reports Web Page, users must have an Internet ID (X.500) and an M-Key. The appropriate ARF form for reporting access must also be completed and submitted. Questions related to access 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 finsys@umn.edu.

## **VIII. GETTING HELP**

### **1. RRC Managers**

Deans, chancellors, VPs and executive unit heads will receive allocations to their Resource Responsibility Center (RRC) in their *FY10 Central Allocation letter*. The RRCs 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 DeptID in the RRC
- confirming the due dates for submitting budgets to RRC managers. RRC due dates will precede other dates in these instructions.
- confirming amounts of known post-budget non-mandatory transfers that will take place between RRCs or DeptIDs within the RRC
- obtaining rollup information at the DeptID level
- clarifying procedures and policies, defined by your RRC manager, that pertain to your RRC

### **2. University Budget and Finance**

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

- budgeting for revenue allocations
- budgeting for cost pool expenditure allocations
- 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

### **3. University Accounting Services**

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

- budgeting for ISOs
- handling departmental recharges (non-ISO charges)
- any COA issues or questions (see also the COA MAINTENANCE section of this document)

### **4. Financial Helpline**

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

**5. Training Services (Budget Entry):** Questions about using the budgeting module should be addressed to Training Services staff at 626-1373 or [trngsvcs@umn.edu](mailto:trngsvcs@umn.edu) . These include:

- entering any values into the budgeting tool
- interpreting error messages that occur in the PeopleSoft budgeting tool

**6. FSS Security and OIT (Access to the PeopleSoft Budgeting Module):** To solve access problems related to Budget Entry, call the University Financial Helpline at 624-1617 or [finsys@umn.edu](mailto:finsys@umn.edu).

## **DRAFT – SUBJECT TO CHANGE**



### **APPENDIX A**

#### **SIGNIFICANT DATES AND EVENTS**

##### **January**

- 20 Budget Entry Training Begins
- 26 Budget Entry Tool Opens**
- 26 Student Fee System Opens for Fee Entry

##### **February**

- 12-13 Board of Regents Meeting
- 18 RRC managers meeting

##### **March**

- 12-13 Board of Regents Meeting
- 18 RRC Managers Meeting

##### **April**

- 6 Student Fee System tables close to RRCs
- 15 RRC Managers Meeting
- 16-17 Board of Regents Meeting (tentative)
- 20 Budget Office completes review of Student Fees & Runs Regents' Reports

##### **May**

- 8 Last Day for Instruction
- 11 FY09 Period 10 closes in PeopleSoft
- 7-8 Board of Regents Meeting
- 20 RRC Managers Meeting
- 22 Student Fee System Closes to Budget Office – run final BOR report (fee changes beyond this date will need special approval)
- 25 Memorial Day Holiday

##### **June**

- 11-12 Board of Regents Annual Meeting
- 12 Last Day for RRCs to Submit Budgets to University Budget Office
- 17 RRC Managers Meeting
- 27-28 FSS Loads Entered Budgets into “LedgerBudg” Ledger in PeopleSoft

**Appendix B**  
**2009-10**  
**Fringe Benefit Rates by Component**

<b>2007-08 Actual (as revised)</b>	<b>ACADEMIC</b>	<b>CIVIL SERVICE</b>	<b>GRADUATE ASSISTANT</b>
Retirement	13.60	4.07	---
Group Life & Disability	.38	---	---
Workers Compensation	---	.40	---
Unemployment	.01	.01	---
Social Security	5.34	6.09	5.40
Medicare	1.58	1.48	1.37
Tuition	.34	1.38	**
Health Insurance	9.81	18.93	12.13
Vacation	.54	.34	---
	<b>31.60</b>	<b>32.70</b>	<b>18.90</b>

<b>2008-09 Actual (as revised 3/08)</b>	<b>ACADEMIC</b>	<b>CIVIL SERVICE</b>	<b>GRADUATE ASSISTANT</b>
Retirement	13.26	4.25	--
Group Life & Disability	.38	--	--
Workers Compensation	.08	.77	--
Unemployment	.01	.01	--
Social Security	4.65	6.06	6.03
Medicare	1.43	1.37	1.41
Tuition	.42	1.66	**
Health Insurance	9.69	17.77	14.46
Vacation	.48	.81	--
	<b>30.40</b>	<b>32.70</b>	<b>21.90</b>

<b>2009-10 (approved)</b>	<b>ACADEMIC</b>	<b>CIVIL SERVICE</b>	<b>GRADUATE ASSISTANT</b>
Retirement	13.30	4.97	---
Group Life & Disability	.47	---	---
Workers Compensation	.10	.96	---
Unemployment	.07	.39	---
Social Security	5.31	6.07	6.46
Medicare	1.53	1.63	1.70
Tuition	.50	1.51	**
Health Insurance	10.62	20.61	16.84
Vacation	.40	.86	---
	<b>32.3</b>	<b>37.00</b>	<b>25.00</b>

\*\* Graduate Student tuition remission is a flat charge per hour that a student works.