



TEXAS TECH UNIVERSITY

Office of the Vice President
for Administration and Finance

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MEMORANDUM

TO: Financial Managers

FROM: Noel Sloan, Vice President for Administration and Finance and Chief Financial Officer

DATE: May 11, 2020

SUBJECT: FY 2021 Operating Budget Policy and Guidelines

The goal of the FY 2021 Operating Budget is to ensure adequate funding to support the core missions of the institution, particularly areas to retain and support growth in student enrollment. Each division is expected to scrutinize all expenditures to maximize resources.

As the nation, state and institution continue to respond to COVID-19, we must take steps to prepare for anticipated decreases in revenue and state funding. We currently do not have information on a specific amount of decrease in state funding; however, need to move forward with a projected decrease and will adjust as more information is provided from the State. At this point, there is no central funding for a merit salary increase for the fall available in Budget Prep/Salary Planner. Additionally, a 3% budget reduction on centrally provided funds is reflected in the budget targets and can be viewed via Cognos report FI218. Any areas that have concerns with reaching the budget targets should contact the Budget Office. We will continue to work together and remain flexible in how we change to meet any revenue and state reductions while continuing to meet the needs of the students throughout this next fiscal year.

The Budget Prep modules will be made available to users today, May 11, 2020. The final budget requests will be due back to the Budget Office on May 27, 2020 at 5:00 pm. Intermediate deadlines should be determined and communicated by each college and/or division. The budget is not considered final and is subject to change until the Board of Regents has approved it at the August meeting.

Salary and Personnel Guidelines

Faculty

- The HR Compensation Office will enter faculty promotions approved by the Board of Regents prior to the new fiscal year. These promotions are funded centrally by the President. The Office of the Provost will provide a list of faculty members receiving promotions. The Budget Office will then add funding to the appropriate FOPs.
- Review all faculty salaries for appropriate effort percentages between instruction and research. These percentages must be determined in the department and college through a considered review of effort associated with each faculty member to assess a reasonable allocation of faculty time. For example, a faculty member with a 2:2 course teaching load, and depending on other responsibilities besides teaching, may be allocated 60% to program code 100 for instruction, and 40% to program code 200 for research. Similarly, a faculty member with a 3:3 teaching load could be allocated 75% to program code 100 and 25% to program code 200. Full-time faculty who do not have research expectations should be allocated 100% effort in code 100. The same percentages should apply across faculty with generally the same teaching, service, and research expectations.
- Faculty who also serve as Assistant or Associate Dean should have a portion of the salary allocated to program code 400 based on the percentage of effort associated with that appointment.
- Instructors, Visiting Professors, and Professor of Practice titles should be allocated 100% to program 100.

Non-Faculty

- Staff Promotions – Promotions will not be facilitated through Budget Prep. Promotions are to be made in accordance with OP 70.11, which requires that vacant staff positions be properly posted and filled through a competitive selection process. Exceptions require the President's approval.

New Positions, Reclassifications, Equity Increases, and Permanent Future Changes

- New Position Requests, Reclassifications, and Equity Increases will continue to be submitted to the Hiring Review Committee for review and approval until further notice. It is unlikely that there will be approved equity increases except for the usual Tenure and Promotion process and other specific circumstances.
- HR activity submitted in the current fiscal year that impacts the upcoming fiscal year will be updated in Salary Planner with an offsetting adjustment to the appropriate budget pool as necessary to ensure budgets remain in line with salary activity.

Non-Exempt Employees

- Please consider the following when estimating salary budget amounts: Full-time,

non-exempt staff accrue compensatory time on the half-time portion of hours worked over 40 in the workweek.

- Compensatory time accrual is limited to 80 hours during the annual accrual period, and the balance of compensatory time remaining after the end of the accrual period will be paid out.
- Part-time non-exempt staff receive overtime when work during the workweek exceeds 40 hours.
- Cognos reports HR030 Employee Current Leave Balances and HR207 Estimated Comp Time Expense are available to aid in monitoring employee compensatory time balances and payout expense.
- Additional information regarding compensatory time can be found on the Payroll & Tax Services [website](#).

Vacant Positions

- All vacant positions budgeted at a salary less than the minimum pay grade will be closed (including those budgeted at 0.00).
- All vacant positions that have been inactive for more than 2 years and are not undergoing an active search will be closed.

Current Restricted and Matching Funds

- Current restricted FOPs, which will be active in the upcoming fiscal year, can be added to employee/position labor distributions in Salary Planner, but should not be budgeted in Budget Development.
- All current restricted FOPs that will become inactive during the current fiscal year must be removed from all labor distributions in Salary Planner.

Temporary College level FOPs for use in Salary Planner for anticipated Sponsored Project (Grant) funding

- As in prior years, temporary FOPs will be made available to Colleges during the upcoming Budget Prep process. The purpose of the Temporary College FOPs is to allow colleges to budget salaries for anticipated Sponsored Project funding. The use of the FOPs should be limited to the intended purpose and should not be used as a matter of convenience. Additionally, it is recommended that the Temporary College FOPs be used only when the college does not have other funding sources.
- If a Temporary College FOP was utilized in the prior year, that FOP will be available again this Fiscal Year. To establish a new Temporary College FOP, please request a new fund via the New Fund System at <http://newfund.texastech.edu>. The request should include the following:
 - Fund Class – 18T;
 - Fund Title – Temporary Salary FOP [*College Name*];
 - Only one FOP may be established for each college.
- Temporary College FOPs may only be used for salaries associated with

- anticipated Sponsored Project funding and not as a matter of convenience.
- Salaries should be moved via Labor Redistribution form and/or the Current and Future Labor Change ePAF as soon as anticipated funding is available.

Other Expenditure Guidelines

Requests for New FOPs

- Upon proper approval for new initiatives or for realigning existing FOPs, complete and submit the appropriate Finance Forms via the New FOP or New Fund applications. Immediately upon approval and entry into the system by Accounting Services, the FOP will be available for entry into Budget Prep (key in the new FOP number into Budget Development and Salary Planner, access/security will automatically follow the ORGN as assigned in TeamAPP).

FOAP Budgeting

- Fund types 11-14 and 16 are FOAP Budgeted. The available balance must be in the specific budget pool prior to spending.
- Fund types 17, 18 and 31 are FOP Budgeted. Budget availability is determined by adding the total available balance for all expense codes.

Current Restricted and Matching Funds

- Budget Development does not include current restricted or matching FOPs. Budget Development requests associated with Current Restricted and Matching FOPs will be removed.

Longevity (Code 6A5)

- For each two years of service, employees receive longevity pay of \$20 per month after the first 2 years of service. Incremental increases begin after 4 years of service. Please refer to OP 70.25 for further guidelines and the incremental payment schedule.
- Budget longevity cost within the FOP in budget pool code 6A5.
- A longevity estimate report is available in the Budget Prep folder of Cognos.

Fringe Benefits (Code 6B4)

- Fringe benefits must be budgeted for local & auxiliary FOPs in code 6B4 except for 16A199, 16A201, 16A262, 16A427 and 16A569, which will be centrally funded.
- A fringe benefit estimate report is available in the Budget Prep folder of Cognos.

Contingency (Code 6Z0)

- Funds should be set aside in code 6Z0 for any jobs submitted as overloads. A list of overload jobs can be viewed in the Human Resources folder of Cognos

Reports. The Budget Office will reallocate to the correct budget pools based on the type of overload.

Summer School Salary (Code 6Z2)

- Base summer school budget will be allocated to the summer school reserve budget pool within the college faculty salary fund.

Materials and Supplies (Code 7C0)

- Funds should be set aside for the annual mail stop fee in code 7C0.

Communications and Utilities (Code 7D0)

- The rates for the annual communications fee using the new FTE model have been provided to the Deans and Vice Presidents of each division. Funds should be set aside in 7D0 to facilitate the fee for the ongoing support of Microsoft Lync Unified Communications and TTU System Communication Services.
- A \$3.65 per square foot rate is to be used in estimating utility requirements for auxiliary units. This needs to be budgeted in the budget pool code 7D0.

TA/RA/GPTI Exemptions (Code 7P2)

- TA/RA/GPTI may not be appointed on 11A state funding.
- Departments appointing Teaching Assistants, Research Assistants or Graduate Part-Time Instructors on institutional FOPs must fund the TA/RA/GPTI exemption from that FOP except for 16A262 and 16A569. Budget an estimated exemption amount in budget pool code 7P2 on the institutional FOPs that you intend to pay the students. Divide split appointments proportionately. If a restricted account does not allow expenditures for student waivers, please budget the waiver expenditures in the institutional FOP that it will be charged to. Please note: Graduate Assistants appointed with a GA title will not receive a fee exemption.

Unallocated Expenses (Code 7Z6)

- To cover unanticipated, non-salary expenses, funds are budgeted in code 7Z6.

Revenue and Transfer Guidelines

Revenue Estimates

- Conservative estimates should be used in projecting revenue. Managers need to check the FOPs total revenue that was generated in the current and prior year to compile projections. If no revenue was generated in the last two years, please remove this revenue source and related expenses from your FOP in Budget Development.
- The Budget Development module includes a comment feature to be completed for

any revenue estimate that exceeds the base revenue budget.

Carry Forwards (5Z8)

- Carry forward of prior year fund balance may only be used in special circumstances and requires approval of the Chief Budget Officer as the prior year fund balance cannot be determined until fiscal year-end.

Transfers

- If the source of revenue is a transfer from another fund, the FOAP for the transfer in and the transfer out must be entered in the Budget Prep Transfer System.
- Only permanent transfers are allowed on budget book FOPs, whether they are mandatory or non-mandatory transfers, and should be listed in the Budget Transfer System.
- Debt Service and Administrative Service Charge transfers have been entered by the Budget Office.

Service Departments

- Service FOPs should carefully review the rates they charge the departments so that all costs are recouped for the services rendered without accumulating excess fund balance.

Contact Information

If you have any questions concerning these guidelines, or if you need help in entering data in the Budget Prep modules, please refer to the Budget Contacts listed in the Budget Office website at <http://www.depts.ttu.edu/budget/> or call the Budget Office at 742-3228.

cc: President Lawrence Schovanec
Dr. Michael Galyean
Ms. Grace Hernandez
Dr. Joseph Heppert
Mr. Kirby Hocutt
Dr. Carol Sumner
Mr. Byron Kennedy
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Ms. Jamie Hansard