TEXAS TECH UNIVERSITY

Office of the Senior Vice President
for Administration and Finance

Box 42006
Lubbock, Texas 79409-2006
(806) 742-4250
(806) 742-6600 (FAX)

M E M O R A N D U M

TO: Financial Managers

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

DATE: May 10, 2023

SUBJECT: FY 2024 Operating Budget Policy and Guidelines

As stated in the message from President Schovanec, we have a lot to be proud of as we celebrate 100 years of progress and success, and we should be especially proud of the continued commitment of our faculty and staff to our students' success. Subject to approval by the Board of Regents at the August meeting, a 3% merit pool has been allocated to departments for faculty and staff for centrally funded positions to be effective September 1, 2023. The criteria and procedures for awarding merit to employees who exhibited meritorious performance during FY 2023 are outlined in the Merit Policy section of this document.

The Budget Prep modules are available for entry. The final budget requests will be due back to the Budget Office on ***May 24, 2023, at 5:00 pm***. Intermediate deadlines should be determined and communicated by each college and/or division.

Each division is expected to analyze all expenditures to maximize resources. The final approved budget is contingent on approval by the Board of Regents at the August meeting.

Target Policy

Purpose

- Targets are provided for all annual FOPs (excludes gifts, grants, projects) as a reference for departments to use for providing a balanced budget.
- The final submitted budget should be equal to the targets provided.
- Division/College managed fund change requests can be submitted to

AMBUD@ttu.edu.
- Questions regarding the targets and associated calculations should be directed to the Budget Analysts.

Target Reports
- The target reports can be found in the Cognos system under TTU Budget> Budget Prep > Budget Development.
- FI217 - TTU Target Report- Displays the provided target in comparison to the budget submitted in the Prep System.
- FI218 – TTU Target Calculation- Details the calculation used to determine the FOP target.

Faculty & Staff Merit Policy

Eligibility Criteria
- Benefits eligible faculty and staff (i.e., appointed at least as a .5 FTE, excluding benefits eligible working retirees and temporary workers).
- Employed on or before March 1, 2023, and continuously employed.
- Staff must have a current performance evaluation (dated February 2023 or after) with an overall rating of 4.0 or above on file with Human Resources by April 15, 2023.
- Faculty must have a current faculty annual report for year 2023 (dated spring 2023 or after).
- ***Merit increases should be based on FY 2023 performance. The Provost or Administration and Finance Office will be reviewing merit amounts awarded to ensure the level of the merit increase is consistent with the faculty annual report or staff performance evaluation and not an across-the-board increase.***

Ineligibility Criteria
- Employees who received any increase in compensation after March 1, 2023 (i.e., merit, promotion, reclassification, etc.) except for staff who received an increase after March 1, 2023, on the basis of completing a work-related certification or college degree.
- Non-benefits eligible employees.
- Employees who are scheduled to retire or terminate on or before August 31, 2023, are excluded from merit consideration.
- Employees hired after March 1, 2023.
- Staff with a current performance evaluation score less than 4.0.
- Staff without a current performance evaluation on file with Human Resources.

Other Criteria
- Supplements are excluded from merit calculations.
- The existing criteria and procedures established by each department and/or

college are to be considered in determining merit priorities.
- Selection of individuals or allocation of merit funds must not be made based on race, color, religion, sex, age, disability, genetic information, national origin, or veteran status.
- Increases in compensation should be awarded for meritorious performance during FY 2023, guided by existing department and/or college criteria and not across the board adjustments.

Merit Process

- Faculty and staff merits should be entered into the Merit Percent or Merit Amount fields in the Salary Planner Employee Detail screen.
- Merits awarded in Salary Planner to individuals who are currently eligible but become ineligible for any reason will be removed from Salary Planner and may NOT be reallocated once the budgets have been locked in the Budget Prep System.
- Merit amounts (or percentages) will be applied to the job labor distribution allocations (FOPs) in place when the merit is calculated.
- Merit reports are available in Cognos at the following location: Team Content>TTU Budget>Budget Prep>Merit.

Merit Pool Funding

- Centrally funded merit pools are calculated by multiplying the base salary of positions paid on centrally funded sources and multiplying by 3%. Please refer to the target reports to determine which funds will receive merit and fringe funding centrally. Other funding sources will require merits to be absorbed within the Fund's current budget.

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 Provost Office 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.

Pooled Positions
- Pooled positions may be budgeted based on an annual estimate and do not have to match the annual salaries of the employees currently in the position.
    - Add a justification comment on the List by Position screen when there is a large budget variance when compared to the current fiscal year activity.
- Do not process end job ePAFs to remove employees from Salary Planner to balance to the targets.
    - Ending jobs unnecessarily will cause delayed TA/RA/GPTI exemption processing.
    - Ending jobs unnecessarily may cause potential access issues to various systems.
- Contact your budget analyst for assistance.

New Positions, Reclassifications, Equity Increases, and Permanent Future Changes
- 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.
- New hire ePAF's should be entered as soon as possible to ensure systems access and benefits are established. Do not wait until the Salary Planner data has loaded to Banner. If there are concerns about balancing to your targets, please contact your budget analyst for assistance.

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. Include a comment on the List by Position screen in Salary Planner if an active search is in process.

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://fund.app.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).

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, 16A569 and 16A679, 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 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 Skype for Business and TTU System Communication Services.
- Auxiliary units should budget for utility costs in 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)

- Budget should represent expected expenditures in the actual salary, travel and operating budget pools where the cost will be expended. This budget pool should only be used for budget associated with anticipated non-recurring transfers that will be processed mid-year.

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.
- This code should only be utilized if the funds are needed to balance the budget

when revenue will not cover all of the anticipated cost planned for the fiscal year.

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. Ron Hendrick
Mr. Mathew Dewey
Ms. Jamie Hansard
Dr. Joseph Heppert
Ms. Grace Hernandez
Mr. Kirby Hocutt
Mr. Byron Kennedy
Mr. Sam Segran
Dr. Carol Sumner