




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 22, 2017

SUBJECT: FY 2018 Operating Budget Policy and Guidelines

The goal of the FY 2018 Operating Budget is a budget that supports the University's strategic priorities. Each division is expected to scrutinize all expenditures in order to maximize resources.

College Budget Hearings were held this past Spring semester, but no decisions on additional budget allocations have been made yet. Also, per conversations held during this year's College Budget Hearings, we may have to implement budget reductions. Once the state budget is finalized, any reductions or approved increases will be communicated directly to the Dean and Financial Manager. The goal is to ensure adequate funding to support the core missions of the institution, particularly positions to support the growth in student enrollment. Because of potential decreases in state funding, there is no merit pool or across-the-board merit increases available for FY 2018 Budget Prep/Salary Planner. *At this time, departments should plan on balancing to the previous year's budget targets plus any FY 2017 permanent budget revisions. Should there be reductions in State funding, salaries and associated fringe benefits may need to be re-allocated to institutional funding.*

The Budget Prep modules was made available to users on May 20, 2017. The final budget requests will be due back to the Budget Office on June 7, 2017 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

- Faculty promotions approved by the Board of Regents will be entered by the HR Compensation Office prior to the new fiscal year. Individuals promoted from Assistant to Associate Professor will receive a \$5,000 annual increase, from Associate Professor to Professor a \$7,000 increase, and promotions to Horn Professorship, an \$8,000 increase. These promotions are funded centrally by the President. The Office of the Provost will provide a list of faculty members receiving promotions. Funding will then be added to the appropriate FOPs by the Budget Office.
- 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 and conservative allocation of faculty time on program code 200, research. For example, a faculty member with a standard 2 course teaching load would likely be allocated 50% to program code 100, instruction, and 50% to program code 200, research.

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 follow the same approval and procedural guidelines used during the year.
- HR activity submitted in FY 2017 that impacts FY 2018 will be updated in Salary Planner with an offsetting adjustment to the appropriate budget pool as necessary. This will occur until August 31, 2017 to ensure budgets remain in line with salary activity.

Non-Exempt Employees

Please consider the following when estimating salary budget amounts:

- Beginning October 1, 2017, a compensatory time policy will be in place for all full-time nonexempt staff.
- September 1 – 30, 2017
 - All non-exempt employees will be paid overtime when either hours worked exceeds 40 hours in a work week, or the combination of eligible leave and/or holiday pay plus hours worked exceeds 40 hours in a work week.

- When over 40 hours in a week are worked, the amount of time over 40 hours will be paid at 1 ½ times the regular hourly rate.
- October 1, 2017
 - Part-time nonexempt staff will continue to receive overtime when work exceeds 40 hours as described above.
 - Full-time nonexempt staff will receive regular hourly pay for hours worked, eligible leave, and/or holiday pay for each workweek.
 - Full-time nonexempt staff will accrue compensatory time on the half-time portion of hours worked over 40 in the workweek.
 - Compensatory time accrual will be limited to 80 hours during the annual accrual period and any compensatory time balance that remains after the end of the accrual period will be paid out.
- When the combination of eligible leave, holiday pay, and hours worked exceeds 40 hours in a work week, but hours worked does not exceed 40 hours, the amount of time worked over 40 hours will be paid at the regular hourly rate.
- Full-time hourly employee estimated annual cost is calculated by multiplying the hourly rate by 2080 hours. Employment for less than full time should be prorated based on the FTE of the employee.
- Additional detailed information regarding compensatory time will be provided in upcoming months through existing forums, scheduled town hall meetings, and direct email communication with supervisors and full-time nonexempt staff.

Vacant Positions

- All vacant positions budgeted at a salary less than the minimum pay grade will be closed (including those budgeted at 0.00).

Current Restricted and Matching Funds

- Current restricted FOPs which will be active in FY 2018 can be added to employee/position labor distributions in Salary Planner, but should not be budgeted in Budget Development.
- All current restricted FOPs which will become inactive prior to FY 2018 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, a Fund Request Form and/or a FOP Combination Form. 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 with the exception of 16A199, 16A201, 16A262 and 16A427 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.

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 **\$3.55 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)

- Departments appointing Teaching Assistants, Research Assistants or Graduate Part-Time Instructors on institutional FOPs must fund the TA/RA/GPTI exemption from that FOP. Budget an estimated exemption amount in budget pool code 7P2 on the institutional FOPs that you intend to pay the students. This amount is based on nine semester credit hours. Split appointments may be divided 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 in order 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 Managing Director of Budget 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. Guy Loneragan
Mr. Kirby Hocutt