



BUDGET AND PLANNING

February 19, 2007

TO: Deans, Directors and Department Heads
FROM: Office of Budget and Planning
SUBJECT: Guidelines for Preparing the 2007-08 Budget

This is the first in a series of communications (more to follow next month) directed primarily to those of you who are directly involved with the budget process and the entering of information into the online budget worksheet system. It provides budget guidelines that you will need for this process. The schedule for preparing the 2007-08 budget is as follows:

January 2007

The RCM Committee and the Senate Committee on Budget and Fiscal Affairs complete the development of the major budget recommendations for fiscal 2007-08. The Senate Committee on Budget and Fiscal Affairs reports its FY08 budget recommendations to the University Senate on January 17.

February 2, 2007

The Board of Trustees approve the 2007-08 tuition and fees.

February 19, 2007

Initial communication regarding 2007-08 budget guidelines is sent.

Early March

A follow-up communication is sent and includes the 2007-08 RCM fringe benefit and indirect cost assessment rates, as well as the 2007-08 salary and wage scales for staff.

March 26 to April 25

Online budget worksheet system is open for FY 2007-08 data entry. Using the on-line budget worksheet system, college/unit managers will indicate the 2007-08 recommended salaries for each employee and the budgets for each chart string in their areas of responsibility.

May 3

Confirmation reports sent to departments for final signature approvals by May 10.

May 11

Trustee approval of the 2007-08 budget.

May 14

Deans and Directors are authorized to notify individuals of their 2007-08 salary adjustments.

July 1

Fiscal year 2007-08 begins.

An important next step in the budget process is the data entry that begins March 26. To those of you directly involved in this process, our office will send a packet of instructions and paper worksheets for your use. The actual data entry is done using the online budget worksheet system. Your worksheets will include a calculated total budget allocation for your area for 2007-08, which in part will be based on the pro forma budget increments displayed in the table below. Also reflected in the 2007-08 budget allocation for your area will be adjustments authorized by the Vice Chancellor & Provost and the Executive Vice President & Chief Financial Officer resulting from the RCM budget process. Using the online budget worksheet system, it will be your responsibility to fill in the details of individual salaries, as well as the detail budget amounts for each chart string in your area.

<i>Expense Category</i>	<i>2007-08 Budget Increment</i>
Full-time Faculty and Summer Appointments	3.0%
Graduate Assistants and Grad Associates	3.0%
Collective Bargaining Unit Staff	TBD
Non-Collective Bargaining Unit Staff (other than nonexempt staff whose job classification is Category 3)	3.0%
Nonexempt staff whose classification is pay Category 3	4.1%
Temporary / Casual Wages	3.0%
General operating and equipment budgets	1.5%

While most of the budget increments for salary are 3 percent, the budgets for nonexempt staff in Category 3 are increasing an extra 1.1 percent to help address market disparity in this group. Managers are advised that they must achieve an average salary increase of at least 4.1 percent for their non-exempt Category 3 staff. The salary and wage administration guidelines and pay bands for staff, which are prepared annually by the Office of Human Resources, will be provided in a follow-up communication in early March.

In addition to the above noted budget increments, administrative and support units will receive a fringe benefit budget allocation based on the unit's most current staffing budget in fiscal 2006-07, incremented forward one year by the 2007-08 budget increment for salaries, then multiplied by the fringe benefit rates applicable in 2007-08. At this time, the 2007-08 fringe benefit rates are being finalized and will be communicated in early March.

Salary and Wage Guidelines for All Units

Administrative & support units and responsibility centers alike must adhere to HR salary guidelines for faculty and staff, as outlined here. [In the Responsibility Center Management (RCM) system, most operating units are classified into the following two broad categories: Administrative and Support Units (units receiving budget support principally from a University allocation as opposed to a revenue-based budget) and Responsibility Centers, which are the University's major revenue-producing operations.]

Full-time and Regular Part-time Employees

The online budget worksheet system, which will be activated on March 26 for fiscal 2007-08 budget input, is the mechanism by which salary adjustments are recommended and authorized for full-time and regular part-time employees. Individual salary recommendations are guided by both the budget incrementing, as noted on page 2, and the Office of Human Resources' salary and wage administration guidelines for staff, which will be available in early March. Included with the HR guidelines will be the staff pay bands for 2007-08.

Temporary and Part-time Employees

For employee categories other than full-time and regular part-time, the reauthorization of salaries and wages for the new fiscal year is achieved by way of the iJAN. Individual salary recommendations may be guided by the budget incrementing as noted on the previous page. Additionally, be aware of the following guidelines for the noted categories.

- Graduate Assistants: The minimum academic year stipend for a full-time (20 hour/week) Graduate Assistant will increase by 3 percent, from \$9,972 currently to \$10,270 effective July 1, 2007.
- Adjunct and Part-time Faculty: Collective bargaining negotiations are proceeding with the union representing part-time faculty. Academic responsibility centers should budget in their 2007-08 budgets to fund an allowance for negotiations for part-time faculty. This pool should then be set aside, pending the outcome of negotiations on the wage increase issue. It will be the academic unit's responsibility to fund the cost of any pay increases for part-time faculty that may be agreed to in negotiations.

In addition, there will not be an adjustment to the minimum stipends pending any negotiated adjustments. Until negotiations are complete, the University must otherwise make no wage adjustments for part-time faculty and therefore no across-the-board standard increases should be processed for part-time faculty in the bargaining unit pending negotiations.

Any proposed changes in compensation rates for individuals with appointment terms that are expiring this year should be discussed with Human Resources before any changes are implemented. Those with individual appointments in place that do not expire should continue in force without change.

The timing of any negotiated pay increases for part-time faculty will be determined by contract negotiations, which could extend past the start of fiscal 2007-08. It will be the academic unit's responsibility to fund the cost of pay increases for part-time faculty that may be agreed to in negotiations, if any, including any increases that might be retroactive to July 1, 2007, once negotiations are complete.

- Temporary / casual wages, including student wages: The budget assumptions include a 3-percent increment for temporary/casual wages, allowing some upward movement in hourly pay rates. In the case of students supported by federal work-study, the SU/FWS cost sharing ratio in 2007-08 will be unchanged from the 50/50 ratio in effect in 2006-07.

General Operating & Equipment Budgets

Departments that are classified as *Administrative and Support* are getting a 1.5 percent increase in general operating and equipment budgets. The spending levels of *Responsibility Centers* are determined by the total revenues and other sources of those centers. Depending on a responsibility center's success at increasing its fund sources, the spending level for general operating and equipment can rise faster or slower than 1.5 percent.

The Office of Budget and Planning is currently conducting its annual survey of interdepartmental chargeback rates by University service departments. We expect to have the results prior to activating the online budget worksheet system on March 26, and will convey the key chargeback information to budget managers as soon as it is available.

If you have any questions about budget guidelines and procedures, please call the Office of Budget and Planning at x-4214.