

MEMORANDUM

TO: Divisional and College Business Officers

FROM: Colleen Dove Auburger *CDA*
Executive Director, University Budget Office, SVPAAP

DATE: July 9, 2020

SUBJECT: FY2021 Working Budget Updated Instructions

We have received updated budget information from USM and the state. The Board of Public Works approved a \$122M cut to USM for the FY21 budget, with the UMCP share equaling \$46.3M, or 7.5% of our state general funds. Additionally, the university budget will be severely impacted from the COVID-19 pandemic with reduced revenues and increased expenses. The university will implement a multi-tiered plan to absorb the budget reductions.

The FY21 working budget schedule at this time is as follows:

July 9: FY21 working budget instructions sent to divisions
July 24: BPM closed to departments
July 31: BPM closed to divisions; tracking sheets due to the Budget Office
August 14: Divisional state fringe budgets finalized and distributed
August 21: FY21 BPM working budget loaded into KFS for August month end

The budget website <https://finance.umd.edu/budget/operating-budget> offers important reference information to formulate budgets including the Provost's sequestration memo, and links to UHR guidance on the hiring freeze and the Graduate School stipend schedule. The working budget calendar and budget analyst contact information is posted as well as the BPM user manual and training resources. Specific items to note are:

Contact information:

Budget policy questions for academic units: Dylan Baker at x55632 or dbaker@umd.edu

Non-academic units: contact budget analyst assigned to your unit

BPM system questions and user support: contact budget analyst assigned to your unit

<https://finance.umd.edu/budget-analyst-contact-list>

Thank you for your continued support. I welcome feedback on the budget process from the user community.

FY2021 Working Budget Instructions

FY2021 Budgeting Process Updates

State Budget Reduction – State budgets must be reduced by 5% for all Divisions; the reduction amount is the same as the sequestration total initially included on state tracking sheets. Each division should enter the 5% reduction into BPM and on the state tracking sheet in the “Post send out state funded allocations” section to reduce the State Funding Allocation (Obj. Cd 0221) revenue total and the corresponding expenditures. Units must reduce state operating expenses rather than employ fund source swaps (i.e. cover state expenses with non-state funds).

Use of fund balance- For the FY2021 working budget, fund balance must remain neutral at the division level; any use of fund balance must be offset within the division. We understand that units may need to use fund balance to meet existing obligations while the unit adjusts to the 5% budget reduction for FY21. Nonetheless, it is essential that we understand how divisional plans regarding spend downs of total fund balances interact with central funding requirements. Divisions that have determined a need to use fund balance at the overall division in FY21 level must submit a one-page request detailing the rationale for the proposed use of fund balance and the specific line items supported. Please submit the request to Colleen Auburger by July 31st. Requests will be reviewed with leadership, and divisions notified of decisions. Budget amendments will be processed by the Budget Office for approved uses of fund balance.

BPM Guidance (previously communicated)

Budget information in BPM – the three budget fields in BPM correspond to the following data:

Original budget = KFS original budget (also final FY20 working budget)

Revised budget = KFS original budget + .5% COLA (Jan 2020) + current BAs in KFS as of March 27th

Future budget = KFS original budget + 1% annualized COLA (Jan 2020) + future BAs as of March 6th minus revenue object codes 0123, 0124 and 0128; and transfer object codes (99xx).

For the FY2021WB, the revised budget column in BPM cannot be used when reconciling beginning WB to final WB. The differences will be current only and future only BAs, remaining .5% COLA (Jan 2020) and transfers.

Users should reconcile the proposed budget state support using 0221 – state revenue allocation. The ***FY2021 Working Budget Tracking Sheet*** includes 0221 detail by department for your reference.

Salaries- Payroll conversion has been processed and salary setting and funding distribution by employee are no longer active in BPM. Salary budgets may be updated as needed. Salary guidelines are forthcoming from USM.

Transfers- As operating budgets are completed, units should use the upload feature for all budgeted transfers to facilitate tracking and analysis.