



MEMORANDUM

TO: Divisional and College Business Officers

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

DATE: April 27, 2020

SUBJECT: FY2021 Working Budget

Due to the unprecedented impact of the COVID-19 pandemic, we are awaiting updated budget information from USM and the state. To move the working budget process forward, units are instructed to focus on salary setting in BPM and 5% a state budget sequestration at this time. Additional information will be provided when we receive budget allocation and guidance from USM. BPM budgeting will remain open for units to make changes as the FY21 numbers become more clear.

The schedule at this time is as follows:

April 27: BPM opens to college/division budget officers
May 4: BPM opens to departments
May 13: BPM salary setting closes to departments; budgeting in BPM will remain open
May 26: BPM salary setting closes to college/divisions; budgeting in BPM will remain open
June 22: BPM funding change records will be loaded into PHR to be in effect for July 1st
June 29: PHR deadline for changes to be in effect for July 1st

The budget website <https://finance.umd.edu/budget/operating-budget/working-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:

New Login process – Due to the added security to BPM this year there is an additional login process necessary to access the server that supports BPM. Visit the budget website for detailed instructions.

Running Reports – Due to the transition of BPM to a virtual workspace, reports cannot connect directly to adobe acrobat on user machines. The HTML format option should be selected for immediate viewing as a web page. The best format for running pivot tables would be to save the report in the csv format.

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>

Attached is a summary of the FY2021 budget process and guidance on budgeting sequestration, as well as detailed instructions on salary setting and budgeting in BPM.

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

FY2021 Working Budget Instructions

FY2021 Budgeting Process Summary

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 + current BAs in KFS as of March 27th

Future budget = KFS original budget + 1% annualized COLA + 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 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- While we are awaiting guidance from USM, units should focus on salary setting and funding distribution. Funding changes will be exported into PHR through payroll conversion in June as scheduled. Detailed guidance on salary setting in BPM is included below. BPM will remain open for budgeting into June to incorporate the state budget allocation.

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

Use of fund balance- Although we do not yet have specifics, we do know the impact of the Coronavirus pandemic to the State's overall finances are expected to be significant. The impact to campus may need to be handled through a multi-pronged approach, such as fund balance reversions, base budget reductions, etc. Given that, we need to better understand divisional plans regarding significant spend downs of its overall fund balances. For the FY2021 budget, divisions planning use of fund balance at an overall division level (ie. Net decrease in divisional FB including state, non-state and plant) must have approval from the Budget Office. More information will be forthcoming on the approval process.

Budget Sequestration- Per memo from the Provost dated April 15, 2020, the entire campus is instructed to sequester 5% of the FY2021 state budget. In other words, plan to spend no more than 95% of budgeted expenditures in state operations. To the extent possible, it is recommended that units designate expenses that would be reduced in the event of a budget cut, and segregate those identified expenses in one account. The sequestration is an interim step in budget reduction planning due to the fiscal impact of the COVID-19 pandemic, and units should be identifying expense reductions rather than fund source swaps (ie. cover expenses with non-state funds). Fund balance must remain neutral at the division level; any use of fund balance at an account level must be offset at the division level unless approved by the Budget Office. Target amounts are computed using College/division FY2020 revised budget state allocation (object code 0221) in KFS as of March month end. Final budget cuts will be allocated using FY21 final working budget. To verify the computation, run the KFS090 overview by division; select the view “object code summary”, scroll to the state appropriation section for object code 0221.

The attached template must be completed by each division listing object code details of sequestered funds. Please complete the template by division and return to the Budget Office by Wednesday, May 20th.

FY2021 Working Budget Instructions

DETAILED INSTRUCTIONS FOR SALARY SETTING IN BPM WB

Effective March 30, 2020, the university has implemented a hiring freeze for all faculty and staff. Additional approvals are required for certain employment actions. Please see links to guidance from the Provost and UHR on the budget website.

A. Itemized Employees (Object Codes 1011 – 1016)

We have not received detailed salary guidance from USM; we will communicate the guidelines to the college/divisional business officers and update the instructions on our website when received. The employee's salary and funding in BPM WB should reflect what you expect to be on July 1st.

1) Salary Adjustments Effective Before July 1st

The employee's salary brought into BPM from PHR should be adjusted in BPM for any salary actions that will become effective after the freeze of the PHR data (as of PP21 close @ 4/11/20) for BPM and prior to July 1st. Enter the salary action as an "adjustment to current base salary" on the left-hand side of the "set salary screen". Common examples include:

a. Nonexempt Completing Probation Before July 1st

Probation Rules for Regular Status Nonexempt Employees, available on the Budget website, provides a summary of the probation rules for regular nonexempt employees regarding the 2.5% step increase. Employees completing original probation, promotion status change probation (with a competitive search), or CII conversion probation before July 1st are eligible for a 2.5% step increase. Please contact Staff Relations in University Human Resources (X5-0001) if you have questions about a nonexempt employee's eligibility for the 2.5% step increase received after the successful conclusion of certain probationary periods.

The Probationary Status Report on adminreports.umd.edu under PHR provides a list of nonexempt employees on probation for your unit. To impact the employee's pay before July 1st, the department must enter the 2.5% increase in PHR directly. BPM has a field on the set salary screen, current adjustments side that allows users to also reflect the salary adjustment made in PHR after the freeze and before July 1st.

b. Reclass/Promotion for Exempt and Non-Exempt Before July 1st

Promotion and reclass for exempt or nonexempt employees effective before July 1st and entered into PHR by the department after the April 13th data freeze should also be entered into BPM as an adjustment to the current base salary on the salary setting screen.

c. Faculty Return from Sabbatical or Leave Without Pay

If a faculty is returning from sabbatical or leave without pay before the start of the fiscal year, please enter the amount to increase "adjusted current base salary."

d. Salary Structure Adjustment

There are no planned salary structure reviews for exempt or nonexempt staff in FY2021.

FY2021 Working Budget Instructions

2) Salary Adjustments Effective July 1st

USM salary guidelines are pending. Further guidance on salary adjustments, including retention and equity, will be provided once received. There is no merit increase for FY2021; no final information has been released by the state regarding a COLA increase in FY2021 at this time.

3) Payroll Conversion

Payroll conversion will include only **funding** changes on the employee's base salary effective July 1, 2020. All salary adjustments, including increments, must be manually entered into PHR. BPM will forward KFS account number changes to PHR for payroll conversion. PHR will apply the BPM account distribution against the existing base salary within PHR.

After records are loaded into PHR on June 22nd, Payroll Services will make a report available for each unit showing the funding package that will be in effect if the accounts changed or if the allocation between accounts changed. We suggest budget officers work closely with their payroll officers to review the conversion report closely. Units will have until 11 p.m. on June 29th to make corrections in PHR.

B. Other Salaries (Object Codes 1018 – 21XX)

Instructions on non-itemized salaries are pending. **Stipend Levels for Graduate Assistants and Fellows** will be distributed by the Graduate School and a link provided on the Budget website when available.

SALARY BUDGETING

A. Itemized Employee Position Budgets (Filled and Vacant, Object Codes 1011 – 1016)

Every position in BPM WB should be budgeted (unless exclusively funded by accounts that are blocked from budgeting). **For filled positions, the position dollar budget should reflect the actual salary expected to be paid from the respective accounts in FY2021.** For vacant positions, the position dollar budget should reflect the expected salary amount for the position. The budget FTE should reflect the percentage of time the dollar funding represents.

Departments in need of additional budget FTE should contact their college/divisional business officer. College/divisional budget officers should reallocate within the college/division, wherever possible, and contact your Budget analyst if the college/division needs additional budget FTE. Due to the current hiring freeze, units are strongly encouraged to reallocate vacant positions before requesting additional FTE.

Please take a close look at your vacant positions. If the vacancy is not expected to be filled, please move the dollars off the position to the account/object code in your budget where you expect to spend the funding. Departments should return the unneeded FTE to their college/ divisional business officer so that the budget FTE may be reallocated to where it is needed.

College/divisional business officers should contact your Budget analyst so it may be reallocated to where it is needed within the campus.

FY2021 Working Budget Instructions

B. Other Salaries Budgets (Object Code 1018 – 21XX)

Please budget what you anticipate to pay in these object codes in FY2021. Refer to above salary guidelines that may impact your budgets.

Pay adjustments not eligible for retirement subsidy - object codes 1099 (corresponding to 1xxx base salary) and 2099 (corresponding to 2xxx base salary) should be budgeted for pay adjustments that are non-retirement eligible. Examples are non-standard payments and bonuses/awards.

C. Fringe Benefits

As of FY2020, the University charges fringe benefit rates approved by the federal government to all salary expenses regardless of fund source. The fringe rates do not include tuition remission.

For state-supported accounts, units should not modify fringe budgets for FY2021. Fringe benefits will be budgeted by the Budget Office at the division level after working budgets are completed by divisions. For non-state supported accounts, departments should budget fringe rates using the fringe rate calculator in BPM. The fringe rate calculator will create/update object codes and budget fringes as a percentage of the wage budgets by rate category. The fringe rate calculator does not factor in turnover so it may be appropriate to reduce those calculated fringe budgets for faculty and for staff by 2-4% for a more realistic budget.

If a salary budget is changed after the calculator is run, the fringe rate calculator must be re-run to reflect those changes.

Fringe Object code	Fringe Group	Wage Object Codes and Descriptions	Calculated Fringe Rate
2740	Faculty Fringe Rate	1011, 1012, 1015, 1016, 1018 - Includes 12-month and academic year faculty - Includes acting and admin increments - Excludes contractual and hourly faculty	29.3%
2742	Staff Fringe Rate	1013, 1014 - Includes exempt and non-exempt staff	35.4%
2744	Limited Employees Fringe Rate	1020, 2067, 2068, 2072, 2073, 2090 - Includes contractual faculty and staff and graduate assistants	24.3%
2746	Legislated Employees Fringe Rate	2071, 2074, 2075, 2080, 2081, 2100, 2120, 1099, 2099 - Includes students with hourly wages, and most faculty/staff additional pays	5.4%

D. Turnover

Turnover is the expected savings normally occurring from positions temporarily vacated or alternatively funded during the year. Turnover budgeted in object code 2999 should be 2 - 4% of the following salary object codes: 1011, 1012, 1013, 1014, 1015, 1016, 1018 and 1020. For non-state support accounts, turnover should also be factored on the following fringe object codes: 2740, 2742 and the legislated fringe benefits (24.3%) associated with grad assistants (object code 1020).