

**MEMORANDUM**

**TO:** Divisional and College Business Officers

**FROM:** Joe Miller  
Director, University Budget Office

**DATE:** April 18, 2022

**SUBJECT:** FY2023 Working Budget Instructions

Welcome to another Working Budget! The FY23 budget includes funding for the annualization of the January 2, 2022 1% COLA, annualization of the January 2, 2022 Merit, 3% COLA for FY23, and an additional Merit allocation for FY23.

The schedule for the working budget at this time is as follows:

April 19:	BPM opens to college/division budget officers
April 27:	BPM opens to departments
May 9:	BPM <u>salary setting</u> closes to departments; budgeting in BPM will remain open
May 24:	BPM <u>salary setting and budgeting</u> closes to college/divisions
June 2:	BPM <u>funding change</u> records will be loaded into PHR to be in effect for July 1 <sup>st</sup>
June 27:	PHR deadline for changes to be in effect for July 1st

The [budget website](#) offers important reference information to formulate budgets, and links to pertinent budget planning resources, including the working budget calendar, budget analyst contact information, the BPM user manual, and BPM training videos and resources. Specific items to note are:

**Login process** – To access FY23 Working Budget, log into the campus VPN, group: GlobalProtect, then visit [BPM | Finance](#) and select the BPM Portal link for the relevant campus.

**Contact information:**

Budget policy / academic units: Dylan Baker at x55632 or [dbaker@umd.edu](mailto:dbaker@umd.edu)  
Chad Nazworth at x56847 or [chadn@umd.edu](mailto:chadn@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/budget-analyst-contact-list>

Below is a summary of the FY2023 budget process and guidance, as well as detailed instructions on salary setting and budgeting in BPM.

# FY2023 Working Budget Instructions

## FY2023 Budgeting Process Summary

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

*Original budget* = KFS original budget (and final FY22 final working budget)

*Revised budget* = KFS original budget + future BAs in KFS as of March 11<sup>th</sup> (includes FY22 COLA & Merit Annualization).

*Note: The revised budget column in KFS only includes current year BAs. The revised budget column in BPM includes future year BAs, as well as remaining January 2022 COLA and Merit annualization.*

*Proposed budget* = KFS original budget + future BAs in KFS as of March 11<sup>th</sup>, minus revenue object codes 0123, 0124 and 0128, transfer object codes (99xx), and FY22 divisional fringe pool accounts.

Users should reconcile the proposed budget state support using 0221 – state revenue allocation.

The **FY2023 Working Budget Tracking Sheet** includes **0221 detail by department for your reference**.

### **State Funded Allocations:**

**Fringe Benefits Allocation:** Salary Actuals from the previous 12 months - for all fringe reimbursable accounts, including fringe reimbursable cost share accounts - multiplied by FY23 proposed rates. Additional fringe allocation includes FY22 budget amendments + annualized FY22 COLA and Merit + FY23 COLA (3%) and FY23 Merit (2.5%) + Contingency Factor.

*Please refer to hold-harmless memorandum for detailed information on FY23 fringe allocation calculation.*

**FY23 COLA Allocation:** BPM Revised Budget; object codes 1011 – 1020, multiplied by 3%. The COLA amount is pre-populated at 3% on the 'Set Salary' screen within BPM.

**FY23 Merit Allocation:** 2.5% compounded after COLA. Academic Affairs units have separate Faculty and Staff merit pools,

**GA Minimum Stipend:** Funds equivalent to the increase required to offer state-supported Graduate Assistants (GA) the new minimum stipends after the FY23 COLA has been applied. These amounts align to the new GA step structure that begins July 1, 2022

State Funded Allocations provided on the tracking sheets are the responsibility of the unit to budget in BPM. The budget office will monitor these allocations in totality.

**Budgeted FTE** – The university is granted some position flexibility by the state of Maryland. The FTE listed on the tracking sheet is each unit's starting budgeted FTE before Phase II opening. Units should update FTE for line-item positions as needed in the working budget and update the budgeted FTE on the tracking sheet accordingly. *You do not need additional permission from the budget office to add FTE to your budget if you have the appropriate salary and fringe funding in your budget.*

### **Budgeted vacant positions must include:**

- An estimated FTE with correlated salary dollars. FTE may not be budgeted with \$0 salary.
- A valid title code. The title codes 55555 and 99999 for "vacant" are no longer recognized by the budget office. You may assign a preliminary title code expected to fill vacant positions; units will not be held to this during the hiring process, but it will inform the campus budgeting process with the state. If the title cannot be determined, the following guidance may be used:
  - Faculty positions — use 9217502 Assistant Professor
  - Non-exempt positions — use 11BS100 Business Services Specialist
  - Exempt positions — use 9430507 Coordinator

# FY2023 Working Budget Instructions

**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.

**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** –

### **State-Support Accounts:**

Generally, units should not budget growth or use of fund balance in state supported accounts. The logic is that unlike the majority of ledger 2 accounts, state accounts units will receive a complete state allocation for FY23 which should be planned and spent without considering prior year balances.

### **Non-State Support Accounts:**

The preliminary FY23 guidance is that units should plan to budget no more than 5% of their *estimated FY22 closing fund balance*. As a reminder, use of fund balance should be limited to one-time expenses and not as a funding mechanism for ongoing expenses.

There are specific limited one-time expenses that may need to be paid for in FY23 for state purposes. Facilities related FY22 surpluses should be transferred to plant accounts. Programmatic related surpluses should be transferred to Ledger 2 accounts this year.

## DETAILED INSTRUCTIONS FOR SALARY SETTING IN BPM WB

### **Itemized Employees (Object Codes 1011 – 1016)**

We have not received detailed salary guidance from USM. Once we receive guidance, we will communicate with the college/divisional business officers and update the instructions on our website. The employee's salary and funding in BPM WB should reflect what you expect on July 1<sup>st</sup>.

#### 1. Salary Adjustments Effective Before July 1<sup>st</sup>

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 on 4/05/22) for BPM and prior to July 1<sup>st</sup>. Enter the salary action as an "adjustment to current base salary" on the left-hand side of the "set salary screen." Common examples include:

##### 1.1. Nonexempt Completing Probation (Before July 1<sup>st</sup>):

*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 1<sup>st</sup> 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](http://adminreports.umd.edu) under PHR provides a list of nonexempt employees on probation for your unit. To impact the employee's pay before July 1<sup>st</sup>, 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 1<sup>st</sup>.

##### 1.2. Reclass/Promotion for Exempt and Non-Exempt (Before July 1<sup>st</sup>):

Promotion and reclass for exempt or nonexempt employees effective before July 1<sup>st</sup> entered into PHR by the department after the April 5<sup>th</sup> data freeze should also be entered into BPM as an adjustment to the current base salary on the salary setting screen.

##### 1.3. 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."

##### 1.4. Salary Structure Adjustment

Nonexempt salary structure for FY23 is pending BOR approval. More information will follow when available.

# FY2023 Working Budget Instructions

## 2. Salary Adjustments Effective After July 1<sup>st</sup>

USM salary guidelines are pending. Further guidance on salary adjustments, including retention and equity, will be provided once it is received.

### 2.1. Payroll Conversion

Payroll conversion will include Cost of Living Adjustments (COLA), Merit Adjustments, and any funding changes to the employee's base salary and base salary funding with an effective date of 7/1/2022. As in past years, the base salary increases are applied for the first full pay period of the new fiscal year (PP02- 7/3/2022) and PHR pay adjustments will be systematically generated for the first 2 days (7/1-7/2) of the new fiscal year. Those adjustments (2 days of the increase) will be reflected in the employee's PP01 paycheck dated 7/8/2022. For funding changes, PHR will apply the BPM funding changes effective 7/1/2022. All other salary adjustments (i.e. retention, equity, additions to pay) must be manually entered into PHR.

BPM records will be loaded into PHR sometime during PP26 as future dated records with an effective dated 7/3/2022. This means that PHR users will have approximately 2 pay periods to make changes to merit/COLA/funding changes in PHR. System generated pay adjustments will be created after the transaction cutoff for PP01 Monday June 27, 2022 to reflect salary increases from 7/1-7/3/2022. Payroll Services will also make Payroll Conversion Reports available sometime after the payroll conversion data load in PP26. We suggest Budget Officers work closely with their payroll coordinators to review the conversion report. Units will have until 11 p.m. on July 12, 2022 (PP 02 transaction cutoff) to make merit/COLA salary changes in PHR.

### **Other Salaries (Object Codes 1018 – 21XX)**

The Graduate School has provided **Stipend Levels for Graduate Assistants (1020) and Fellows** and a link to the memo is located on the Budget website.

## **SALARY BUDGETING**

### **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 FY2023. 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. Units are strongly encouraged to reallocate vacant positions before adding additional budgeted FTE.

Please take a close look at your vacant positions by running the 'Salary Variance by Position' report in BPM. 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

## FY2023 Working Budget Instructions

it is needed within the campus.

### **Other Salaries Budgets (Object Code 1018 – 21XX)**

Please budget what you anticipate paying in these object codes in FY2023. Refer to above salary guidelines that may impact your budgets.

## FY2023 Working Budget Instructions

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.

### **Fringe Benefits -- New FY23 Proposed Rates**

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.

**State-Support:** State-supported accounts should adjust fringe budgets using the *Fringe Rate Calculations* button in BPM. The fringe calculator will populate the proposed budget on each fringe rate object code (2740, 2742, 2744, 2746) based on the salary budget and current rates. Units will need to manually adjust *0222 Fringe Benefits State Allocation* on the revenue screen to offset the fringe expense.

Units must not exceed the overall fringe allocation on their state-supported tracking sheet. It is recommended that any excess salary budget be loaded to object code 2000 – Labor and Assistance, which is not tied to a fringe rate. *Please refer to hold-harmless memorandum for detailed information on FY23 fringe allocation calculation.*

**Non-State Support:** For non-state supported accounts, departments should budget fringe rates using the fringe rate calculations in BPM. The fringe calculator will populate the proposed budget on each fringe rate object code (2740, 2742, 2744, 2746) based on the salary budget and current rates (shown below).

Non-state units need to submit balanced budgets and must manually adjust other revenue categories to account for fringe expenses.

Please note that if you update/change salary budgets in BPM, the *Fringe Rate Calculations* will need to be run again to reflect those changes. **We recommend setting all salaries before running the calculator.**

*\*The below rates have not yet received final approval from the Department of Health and Human Services (DHHS)*

Fringe Object Code	Fringe Group	Wage Object Codes and Descriptions	FY23 Proposed Fringe Rates
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	29.9%
2742	Staff Fringe Rate	1013, 1014 - Includes exempt and non-exempt staff	35.7%
2744	Limited Employees Fringe Rate	1020, 2067, 2068, 2072, 2073, 2090 -Includes contractual faculty and staff and graduate assistants	27%
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	7.8%

## FY2023 Working Budget Instructions

Units should not update any fringe actuals (retirement, health, FICA, etc.) as these are budgeted in GENU fringe pools and are not the responsibility of the units. Please ensure that budgets are “zero” on the following ‘fringe actual’ object codes:

1000, 2705, 2710, 2711, 2712, 2715, 2720, 2725, 2730, 2755, 2760, 2765, 2766, 2769, 2770, 2771, 2772, 2777, 3160.

### **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 as well as the fringe object codes 2740, 2742, and the limited benefits (27%) associated with object code 1020.