



# UNIVERSITY BUDGET OFFICE

## MEMORANDUM

**TO:** Divisional and College Business Officers  
**FROM:** Eduardo Lorente, Associate Vice President for Budget & Planning  
**DATE:** April 18, 2023  
**SUBJECT:** FY2024 Working Budget Instructions

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This memo provides information to assist you in the preparation of the FY24 working budget. It includes the instructions on revenues (state and non-state), fund balance activity, FTEs, salary and fringe costs, and non-personnel expenses. In addition to this memo, the [budget website](#) is another resource where you can find details regarding the budget development calendar, budget analyst contact information, the BPM user manual, BPM training videos and other budget-related materials.

For your reference, I have highlighted a few important points below:

**FY24 COLA and Merit:** Although the FY24 COLA and merit plans have not been officially confirmed, the USM Office has encouraged us to include an estimated allocation of new funds within our planning parameters. So therefore, the FY24 working budget includes (1) funding for the annualization of the November 1, 2022, 4.5% COLA, (2) a 2% COLA allocation for FY24, and (3) an additional merit allocation for FY24. Those amounts, as well as other internal state-funded allocations, have been provided on your tracking sheet. Further information regarding the FY24 COLA and merit plans will be available in the coming weeks.

**Fund Balance Growth/Use:** To promote accountability and better stewardship of state funds, any **net** planned use of fund balances should be discussed directly with your area's executive budget officer. Please see page 3 of the budget instructions for additional information.

**Budget Calendar:** Please take note of the remaining key dates and deadlines in this year's budget development cycle:

April 18:	BPM is opened to college/division budget officers
April 26:	BPM will be available to department budget staff
May 10:	BPM <u>salary setting</u> will close to departments; however, non-salary budget development will remain open
May 23:	BPM <u>salary setting and budgeting</u> will close to college/divisions
June 1:	BPM salaries will be loaded into PHR with payroll conversion dates available in mid-June
June 26:	PHR deadline for changes to take effect for July 1

Thank you for your time and the effort you have dedicated to this process. If you have any questions about the university's budget policies and procedures, the BPM system, or the budget data within BPM, please contact us at [bfa@umd.edu](mailto:bfa@umd.edu) or reach out directly to your division's budget analyst.

# FY2024 Working Budget Instructions

## FY2024 Budgeting Development Summary

**BPM login** – To access FY24 Working Budget, log into the campus VPN, group: GlobalProtect, then visit [BPM | Finance](#) and select the BPM Portal link for the relevant campus.

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

*Original budget* = KFS original budget (and final FY23 final working budget)

*Revised budget* = KFS original budget + future BAs in KFS as of March 10<sup>th</sup> (includes FY23 4.5 % COLA 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 November 2022 COLA annualization.*

*Proposed budget* = KFS original budget + future BAs in KFS as of March 10<sup>th</sup>, minus revenue object codes 0123, 0124, 0128, 0966, 0968, transfer object codes (99xx), and fringe rate budgets 274x.

Users should reconcile the proposed budget state support using 0221 – state revenue allocation. The **FY2024 Working Budget State-Supported Tracking Sheet includes 0221 detail by department for your reference.**

### **State Funded Allocations:**

**FY24 COLA Allocation:** Applicable salary actuals (base pay by funding percentage) as of pay period 2023;18; for object codes 1011 – 1020, multiplied by 2% COLA and corresponding FY24 fringe allocation included. 2% contingency factor included. The COLA amount is pre-populated at 2% on the 'Set Salary' screen within BPM.

**FY24 Merit Allocation:** FY23 Revised budget + 4.5% COLA salary and fringe budget multiplied by 2.5% for object codes 1011 – 1020. Academic Affairs units have separate Faculty and Staff merit pool allocations.

**GA Minimum Stipend:** Funds equivalent to the increase required to offer state-supported Graduate Assistants (GA) the new minimum stipends after the FY24 COLA has been applied. These amounts align to the new GA step structure that begins July 1, 2023. Please refer to the [FY24 Graduate Stipend Memo](#) for additional details.

Please note that 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.

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Units do not need additional permission from the budget office to add FTE to the budget if the units have the appropriate salary and fringe funding available.

## **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

**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.

**Cost Share Accounts** – Units should budget the cost-share expense on object code 9937 on a state-supported account. Leadership is reviewing the procedures - if a change is adopted we will communicate this information as soon as possible.

**Growth and Use of Fund Balance** – Please note that we have zeroed-out the proposed (i.e., prior-year) budget entries for fund balance growth (0966) and fund balance use (0968) consistent with university leadership’s desire to closely monitor projected changes in fund balances within the divisions.

## **State-Support Accounts:**

At a divisional level, units should not budget a **net** use of fund balance. We acknowledge that these object codes can be used on an account-level to record fund balance use and growth. Subsequently, the budget office will be monitoring the use of fund balance at the divisional level.

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

Similar to state-supported accounts, divisions should not budget a **net** use of fund balance at the divisional level. The budget office will also be monitoring the use of non-state fund balances at the divisional level.

If you have any questions regarding the use of fund balances, please contact your budget analyst.

## **Budget Completion**

Once the divisional budget has been completed in BPM, the divisional budget officer should submit their tracking sheet and review checklist to their assigned budget analyst.

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## INSTRUCTIONS FOR SALARY SETTING IN BPM WB

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

Below, we have provided guidance on salary adjustments from University Human Resources (UHR). If you have any questions or need additional details, please contact the UHR Office.

#### 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 April 10) 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 10<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

The nonexempt salary structure for FY24 is pending BOR approval. More information will follow when available.

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## 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 COLA and merit on the employee's base salary effective July 1, 2023. All salary adjustments, including increments, must be manually entered into PHR. BPM will forward KFS account number changes to PHR for payroll conversion.

After records are loaded into PHR, 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 26 to make corrections in PHR.

## **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 FY2024. 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 and units are strongly encouraged to reallocate vacant positions before adding additional budgeted FTE.

Please review 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 their budget analyst to record any changes in state supported budgeted FTEs on the tracking sheets.

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

Please budget what you anticipate paying in these object codes in FY2024. Refer to the above salary guidelines which may have an impact on your budget.

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Note that 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 FY24 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. In addition, an allocation has been provided on each division's state-supported tracking sheets as a result of the changes to the fringe rates.

**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. Ensure that budgets on 2740, 2742, 2744, 2746 have automatically populated (if applicable) when pressing the Fringe Rate Calculations button.

**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 we have zeroed out the proposed (i.e., prior-year) fringe calculations in BPM to ensure that users apply the current rates when preparing their FY24 budget submission. Also note that if users 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. Ensure that budgets on 2740, 2742, 2744, and 2746 have been populated.

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*\*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	FY24 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	30.6%
2742	Staff Fringe Rate	1013, 1014 - Includes exempt and non-exempt staff	36.4%
2744	Limited Employees Fringe Rate	1020, 2072, 2073, 2090 -Includes contractual faculty and staff and graduate assistants	24.7%
2746	Legislated Employees Fringe Rate	2067, 2068, 2071, 2074, 2075, 2080, 2081, 2100, 2120, 1099, 2099 - Includes students with hourly wages, and most faculty/staff additional pays	5.5%

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%** 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 (24.7%) associated with object code 1020.