

UCOP BUDGET GUIDELINES SUMMARY

DEVELOPING THE BUDGET

WHAT YOU NEED TO GET STARTED - Before starting the next fiscal year budget development process, make sure you read through the Budget Call Letter and are familiar with the contents in the UCOP budget website <http://www.ucop.edu/busops/ucopbudget/>. This website has information on the budget development call, the process deadlines, budget policies and guidelines and an instruction manual for the BDS (Budget Development System) tool. You also need to have attended one of the BDS trainings and received a log-in to the tool (<https://ermisp.ucop.edu/cognos>). Once you log-on you should have access to all the accounts you are responsible for, whether it be at the approver or contributor level. The tool will also provide access to the budget reporting area, including budget variance, summary, and adjustment reports. The guidelines below are meant to give a quick overview of some of the major themes in UCOP budgeting. For specific questions, please contact your designated budget coordinator.

REVENUE/INCOME - Balanced budgets require that every expenditure activity plans to have funding sources sufficient to offset the planned expenditures. In this context, revenue that is budgeted for expenditures is offset and recorded in a non-expenditure account and is generally from payments received from parties outside of UC. Recharge income is from payments received from entities within UC. The amount budgeted for expenditures is offset and recorded as credits to expense as object code 39XX in subaccount 09 of the expenditure account.

UNRESTRICTED VS. RESTRICTED FUNDS – *Unrestricted funds* are generally central fund sources that can be used for any purpose. Examples of unrestricted fund sources are the Systemwide Assessment Fund, the President’s Endowment Fund, General, Common, Opportunity and Searles Funds. *Restricted funds* are generally subject to limitations of use and purpose by the entity from which the funds originated. Examples of restricted fund sources are grants, extramural funds, recharge funds, and State Special Appropriation funds.

PERMANENT VS. TEMPORARY FUNDS - *Permanent fund status* is assigned to funding we anticipate to receive on a consistent and ongoing basis. It is intended for planning purposes only and includes funds such as federal and state appropriations, endowment payout or income, revenue from sales and services, indirect cost recovery and "taxes" collected on various fund sources such as the benefits admin fund, asset management and the campus assessment through funding streams. *Temporary funds* are those which are inconsistent and generally provided on a one time basis or for limited periods of time. These funds include; gifts, contracts and grants and interest on fund balances which can fluctuate significantly.

These designations are important for overall fund management. For purposes of budget development it's more critical to determine whether anticipated expenditures are ongoing or one-time costs.

CORE ADMIN, CENTRAL ADMIN AND ACADEMIC PROGRAMS - OPEN

BENEFITS PERCENTAGE RATE– Percentage applied to payroll for benefits is the overall estimated amount used at the location to budget the total employer contribution benefit costs. This percentage is based on all the individual benefit components such as Matching Retirement Contribution, SMS, OASDI, Medical, Dental, Vision,

Unemployment and Leave, etc. It is reviewed each year by the UCOP Budget Office. Each year, the benefits percentage will be included in the Budget Call letter and will be automatically updated in the BDS calculations.

GAEL- General, Automobile, Employment Liability (GAEL): An assessment applied on eligible payroll to cover annual program costs derived by the actuary. Each campus location contributes towards UC's total costs. This assessment also funds the Be Smart About Safety Program (BSAS) at each location. An assessment rate analysis is completed each year by the UCOP Budget Office and modifications to the rates are done. The timeframe that this takes place varies due to multiple factors, but usually within the first quarter. Each year the GAEL percentage will be included in the Budget Call letter. Units will then have to their proposed budget under sub-code 3, S&E expense category Insurance.

MERITS- (OPEN TO ADD SECTION ON WHAT TO DO IN TOOL) Funding for merit increases for employees permanently budgeted on unrestricted fund sources is usually provided centrally. However, funding for merit increases for employees only temporarily budgeted on unrestricted fund sources would not be automatically provided. An additional temporary allocation would need to be requested by the department.

Funding for merit increases for employees budgeted on restricted fund sources needs to be covered by that same fund source. In many cases, the department controls the distribution and use of these restricted fund sources. Therefore, the department is responsible for ensuring that sufficient funding is available to cover employee merit increases in a particular fiscal year. In the case of extramural fund sources, it is important that departments include sufficient funding for salary increases in the funding proposal, if applicable.

SUB-ACCOUNTS- All funds are budgeted and expensed to this level to facilitate better budget control and financial reporting. Each sub-account represents a different type of expense as listed below to which units can allocate their budget. UCOP currently uses 12 expense categories for sub accounts 3, 5 and 7.

00 Salaries: Academic - Expenses associated with permanent academic employee salaries.

01 Salaries- Staff: Expenses associated with permanent employee salaries that are not academic are grouped in this sub-account.

02-General Assistance: Other salary related expenses.

03 Supplies & Expense: Units should use sub account 3 to allocate the projected supplies and expenses budget over the 12 expense categories identified by UCOP. (See Expense Category Section)

04 Equipment & Facilities: Units should use sub account 4 to allocate inventorial items, equipment and facilities expenditures where the item cost is greater than >\$5,000)

05 Special Items: Units can use sub account 5 to track and group transactions specific to a project or funding source. All Administrative Fund allocations must be budgeted in sub account 5 only

06 Employee Benefits: Units will see the benefits associated with their personnel, including those in Sub-account 00, 01, and 02.

07 Special Items: Units can use sub account 7 to track and group transactions specific to a project or funding source. All Automobile Allowance allocations must use Sub Account 07 only.

08 Unallocated Funds: To budget campus flow-through or other miscellaneous funds

09 Recharges: Allocate recharge income

9H Overhead Expenses: Used to capture contract and grant overhead activity

EXPENSE CATEGORIES: Below is a list of expense categories available to be budgeted in each sub-account. Object Codes are embedded in each expense category.

Expense categories for Sub-Account 3, Sub-Account 5, and Sub-Account 7:

1. Insurance
2. Meetings/Travel + Related Exp
3. Consultants + Prof. Services
4. Legal Costs
5. External Svcs : Computer + Other
6. Computer/Office Equip
7. Utilities
8. Library
9. Other Office/Misc
10. Temp Labor
11. Royalties
12. Sub awards/Pass Throughs

Expense categories for Sub 4

1. Computer/Office Equip + Svc Maint
2. Utilities + Facilities/Space Leases

Expense category for Sub 8

1. Unallocated

Expense category for Sub 9

1. Recharge

A list of all object-codes and what expense category they fall under is located under the header Cognos BDS Reports section of the BDS, under the report "Object-Code List."

MONITORING YOUR BUDGET

SUMMARY - Units can monitor various aspects of their budgets throughout the year through the reporting made available through the BDS (<https://ermisp.ucop.edu/cognos>). Units will be able to check their regent approved budget, prior year and current year-to-date expenses, and any general ledger changes to their budget at any level of the hierarchy and categorized by any fund. Please see the UCOP BDS Tool User Manual for more information regarding the reports available.

G/L BUDGET MOVEMENTS THROUGHOUT THE YEAR – A unit's Regent Approved Budget may change throughout the year. These changes could represent movements within sub-accounts, accounts or funds due to budget increases, decreases or any other changes in the budget plan. In order to help units assess the changes in their budget throughout the fiscal year, a report labeled "Budget YTD Adjustment Report" is available within the BDS Cognos reports. This report takes the Regents' Approved Budget, that, is the beginning budget for every fiscal year, and compares it to the UCLA. The report displays the July 1st UCLA G/L Budget Appropriation, along with all mid-year activity such as carryforwards, adjustments, and intercampus transfers. The variance between the Approved Budget and the G/L Appropriation is calculated. Please see the UCOP BDS Tool User Manual for more information regarding this report.

ADJUSTMENTS – If mid-year changes are needed, departments must work with the UCOP Budget Office to implement these changes. If a department is shifting funds within its own accounts, then a Transfer of Funds Request should be submitted to the UCOP Budget Office who will then move the appropriation in the financial system. If a department is expecting an additional allocation of unrestricted funds, then the allocation will be made by the UCOP Budget Office after President Yudof has approved the augmentation.

QUESTIONS ON YOUR EXPENDITURES – If you have questions regarding non-payroll transactions, please contact your assigned BRC team (www.ucop.edu/brc/teams.html). For payroll expenditures, contact that BRC Payroll team (www.ucop.edu/brc/payroll.html).

OTHER RESOURCES

Website <http://www.ucop.edu/busops/ucopbudget/>

OP RECHARGE GUIDELINES – Refer to Website

WORKING CAPITAL & EQUIPMENT DEPRECIATION FOR RECHARGE UNITS- Refer to Website

TRANSFER OF FUNDS REQUEST (OPTIONAL TEMPLATE) – Refer to Website

UCOP ACCOUNT-FUND PROFILE FORM AND INSTRUCTIONS – Refer to Website

UCOP SYSTEM ACCESS REQUEST FOR UCLA SYSTEMS – Refer to Website