FY19 Budget Target
The FY18 base budget was the starting point for computing your FY19 budget target. The individual lines of the base budget have been adjusted by the approved increase or decrease. Funding for extraordinary increases, new initiatives and program enhancements approved for FY19 were added to your target in the FY19 column. While the target includes only broad categories, you should budget all of the expenditure lines from which you expect to spend.

Staff Salaries and Benefits
The approved FY19 budget framework includes funding for a 3.00% salary increase pool for non-union staff. In addition to providing performance increases to staff based on overall performance ratings, the salary increase pool can be used to reward top performers, address equity issues, recognize staff who have been performing higher level responsibilities, and fund staff bonuses. University Human Resources will have limited central equity and promotion funds to address the most pressing equity issues now and throughout FY19. All areas that have staff salaries funded from auxiliary operations, endowments, restricted gifts, or research grants should allocate from those sources a performance and equity/promotions pool of 3.00% for those staff. Your base budget target includes funding for the salaries of all positions (or portions of positions), regardless of the funding source. Please refer to the materials from Human Resources for guidance on distributing the salary increase pools.

New Benefit Rates
Fringe benefits rates for FY19 are:

<table>
<thead>
<tr>
<th>Category</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty</td>
<td>30.7%</td>
</tr>
<tr>
<td>Admin Staff/Weekly</td>
<td>30.7%</td>
</tr>
<tr>
<td>Minimum</td>
<td>7.1%</td>
</tr>
</tbody>
</table>

In FY19, the University will continue to depend on the recovery of more than $4.6 million of vacancy savings from departments. Those expected savings have already been redirected to fund critical academic priorities in the FY19 budget. The process around vacancy savings will be adjusted to calculate savings at the cost center level, not at the position level. The Budget Office is reviewing other changes to simplify the process around vacancy savings.

In preparing your budget, please remember that you should budget sufficient funds on each salary and benefit line to cover all of your positions for a full year. Funds budgeted for salaries and benefits may not be transferred to other spend categories during the year unless the unit makes permanent reductions/eliminations to position budgets.

Internal Charges
Certain units are charged internal fees related to administration, facilities service, security and telecommunications. Over the next several months, the Budget Office is reviewing all internal
allocations to ensure that there is a consistent method of allocation and greater transparency as to what these fees cover.

Endowment Payout

For FY19, the Corporation approved a 1.7% decrease in the per share distribution of endowment income.

Total Funds Budget

For those operations supported by more than just University appropriations, the budget target includes a “total funds budget” – a comprehensive view of the base budget expenses for your areas. Your target also shows a “budget target distribution,” a breakdown of the base budget by the sources of support, namely University appropriation funds, restricted endowments, and restricted gifts. Your target may also include the use of some endowment and gift account balances. The use of these balances has been projected based on input from individual departments, the Controller’s Office, and the Advancement Office. Units should review these accounts and develop plans to access these funds. Please contact the Budget Office to discuss these projections as necessary.

The target lists the funding from each source individually. As you manage your operations during the year, you will need to watch not only the total amount you spend, but also how those expenses are distributed across your funding sources. For example, your target might include a total funds budget of $2 million, distributed as $1 million from University appropriations and $1 million from restricted endowment. The budget that you submit for next year should then show $1 million budgeted in University appropriations (General Operating Funds) and $1 million budgeted in endowment accounts (Gifts). In addition, at the end of the fiscal year, your actual expenditures should also be split: $1 million in University appropriations and $1 million in endowment accounts.

The staff in the Budget Office and Controller’s Office will work with you to ensure that your budget and actual expenses are recorded correctly.

Preparing Your FY19 Budget

Departments will develop and submit their FY19 budgets using Tidemark which is accessible from a link within Workday for all authorized users. Members of your staff have attended training on Tidemark and executed a new confidentiality agreement because the system gives them access to highly sensitive information. A User’s Guide as well as links to other help and resources is available from the Budget Office website.

Your budget submission should include updated position budgets for all filled and vacant positions (faculty, staff and union) on the regular payroll. Other compensation such as overtime and limited duration payroll should be entered in pooled budgets. Position budgets should be updated to reflect proposed FY19 position and salary information. Salaries and benefits from your position and pooled budgets will automatically flow to the appropriate salary and benefit lines in your operating budget. You should continue to budget for all vacant positions in FY19 except those that are being eliminated on June 30, 2018.

Submitting Your Budget
Tidemark will be available for FY19 budget development and data entry from April 5 through May 18, 2018. After that date, departmental access will be changed to read only to allow users to view and report on their budgets until they are loaded to Workday. Each division may set an earlier due date to allow for review and adjustments before submitting your final FY19 budget to the Budget Office. Please consult with your senior officer to confirm the due date for your materials. The budgets you submit should be in balance and distributed correctly between the sources of funding identified on your target. Please email the Budget Office when your budget is complete and ready for review.

Remember that the salary increase and budget processes are taking place simultaneously. Departmental salary recommendations are due to senior officers no later than May 7, 2018 (or earlier if requested by your senior officer) and all final recommendations on salaries from senior officers need to be submitted to University Human Resources by May 18, 2018.

Thank you in advance for your careful attention to this process. We appreciate your input and your hard work. If you have any questions or need assistance with any aspect of the budget process, please contact the Budget Office at extension 3-2786.