OVERVIEW

ASU’s budgeting and forecasting processes are designed to improve the accuracy of the Annual Operating Budget submission to ABOR.

The preliminary timeline for the FY 2016 budgeting process begins with the March 11 opening of STAR for budgeting and a tentative closing date of May 29. FY 2016 Planned Commitments reports will be available in STAR on March 9. Planned Commitments reports will be updated periodically as resource allocation decisions are made. Budget Allocation and State Balancing reports will be made available nearer the time that legislative appropriations and other decisions are known.

The FY 2016 budgeting process timeline calls for an April 9 deadline for input of FY 2015 3rd quarter forecasts, a May 29 deadline for State and local budget input, budget input review time in June and completion of all FY 2016 budgeting in time for loading to Advantage in early July.

ABOR has scheduled a May 4 special meeting to approve FY 2016 tuition and fees. This meeting date is approximately one month later than in recent years. A combination of the later tuition and fees approval date and the status of legislative actions could affect the budgeting process schedule.

WHAT’S NEW OR CHANGING FOR FY 2016?

Budget Reports

The Office of Planning and Budget (OPB) is making available two reports that are designed to assist units with their budgeting. One report, Budget Variance Explanations for FY 2016, compares FY 2016 Working Budget to FY 2015 Original Budget and FY 2015 Year-end Forecast. Another report, Financial Plan Review, includes a five year history of actual results, the FY 2015 Original Budget and the current FY 2015 Forecast. OPB anticipates that these reports will highlight items that were missed in this year’s budget and should be added or revised before the deadline for budget input. It is also anticipated that the use of these reports potentially will save time and effort by reducing the need to make subsequent budget changes in Advantage. Before the May 29 scheduled deadline for the completion of FY 2016 budget input all units should run these reports in STAR.

ERE Rates

ASU is proposing the following ERE rates for FY 2016 and is awaiting approvals by the Department of Health and Human Services (DHHS):

- Faculty - 28.8%
- Staff - 40.6%
- Non-Benefits Eligible Personnel (includes LMT category employees) - 11.0%
- Students (excludes RA/TA’s) - 1.7%
- RA/TA (excludes tuition remission) - 12.6%
- Post Doc - 26.7%
The FY 2016 Budget Allocation and State Balancing Reports will reflect the incremental change to the FY 2015 budgeted ERE based on the proposed FY 2016 rates. Should DHHS not approve the proposed rates, OPB will communicate revised rates and make the necessary adjustments to effect the balancing of State accounts.

Risk Management Insurance and Network Communications (Netcomm) Charges

The Risk Management and Netcomm rates for FY 2016 have been set as follows (with the FY 2015 rates shown in parentheses).

- Risk Management - x.x% (1.1%)
- Network Communications - x.x% (1.4%)

OTHER FEATURES FOR FY 2016

Establishing and Budgeting Gift Only Accounts

Effective January 1, 2014 gifts to ASU became subject to a 5% allocation of gift funds for university initiatives. Also on this date, gifts accounts were exempted from paying ASC. As of that date departments were instructed to establish Gift only accounts in Advantage and, in order to be exempt from ASC, gifts are the only allowable revenue source for these accounts. This practice will continue for FY 2016. For more information refer to http://www.asu.edu/fs/documents/ASU_Gift_Policy_Change.pdf and http://www.asu.edu/fs/documents/ASU_Gift_Matrix.pdf.

Budgeted Beginning Balances

The budget input schedule is designed to pull FY 2016 Beginning Balance from the FY 2015 3rd Quarter Forecast Ending Balance. To facilitate the process of revising forecasts in order to update a Beginning Balance, the forecast input schedule has been placed in the same workbook as the budget input schedule on a separate tab. Guidelines and instructions for inputting forecast changes remain the same as posted on the OPB website.

Budgeting at the Object Level

Units are required to budget most revenues at the four-digit object level. The exception is ASU Foundation revenue, which is budgeted at the six digit sub-object level. Entry at the four-digit object level enables ASU to meet ABOR’s reporting and analysis requirements for reporting of revenue at a detailed level. Instructions for budgeting at the four-digit object code level can be found on the budget input schedule and will be emphasized in STAR budget training.

OPB will continue to enter centrally budgeted tuition revenues with units being responsible for budgeting all other differential tuition, as well as all program, class and mandatory fees. As a reminder, units should budget summer session residuals as transfers-in rather than as revenues.

Units are also expected to budget Utilities (7350) and Capital(ized) Equipment (7810) at the object level. The opportunity to budget at the sub-object level (6-digit expenditure codes) within All Other Operating appropriation unit is available, although not required.

Personal Services and ERE are pulled into the Financial Application from the Salary Application Input Schedule, and Direct Cost of Sales and Financial Aid will continue to be budgeted at the Appropriation Unit Code level.
**Budgeting General Purpose Funds**

The requirement to budget General Purpose Funds within specific general purpose fund codes continues for FY 2016. As a reminder, the budgeting and transfer of General Purpose Funds is limited to accounts that reside within the General Purpose Fund, i.e., other General Purpose Funds accounts. General Purpose Funds include:

- General University Funds
- Special Class Fee Funds
- Program Fee Funds
- Differential Tuition Funds
- Mandatory Student Fees Funds (excluding AFAT Restricted Funds)
- Designated Financial Aid Funds
- Facilities and Administration (F&A Funds)
- Biodesign Institute Research Start-up Funds
- Academic Start-up Funds (centrally supported)
- Administrative Services Charge Funds

General Purpose Funds can be transferred only to local accounts that carry a General Purpose Funds code in Advantage, and to ASC accounts in fund group 5110, to Plant Fund accounts, and to Sponsored cost share obligation accounts. New ASC accounts will be coded as General Purpose Funds. Newly established General Purpose Fund accounts will be budgeted, or controlled, at the appropriation unit level in Advantage.

Non-General Purpose Funds sources (revenues and transfers-in) will not be posted to General Purpose Fund local accounts. As an alternative to account transfers, expense transfers will be permitted to and from General Purpose Fund local accounts.

Financial Services will assist units with setting up General Purpose Fund accounts in Advantage as needed.

**720048/720049/720040 – RA/TA Employee Tuition Benefit Flat Rate**

As part of the process of establishing General Purpose Fund accounts, Financial Services set up college level RA/TA tuition benefit accounts in the General Purpose Fund. Amounts for RA/TA employee tuition benefits should be budgeted on the object 720048 and 720049 RA and TA Employee Tuition Benefit Flat lines of the budget input schedule. Colleges are allowed to transfer from the college level accounts to departmental accounts within the General Purpose Fund. Alternatively, colleges can expense transfer RA/TA tuition benefit expenses between departmental accounts and college level accounts using code 720040. Transfers between college level RA/TA tuition benefits accounts (within the General Purpose Fund) and X994 or X997 accounts (outside the General Purpose Fund) are not permitted and will not be processed by Financial Services.

**Transfers In and Out Budgeting**

The FY 2016 Local Budget Transfers In/Out input process is designed to improve reporting capability and balancing of transfers in and out, and to achieve a single system of record for budgeted transfers. A STAR report, **FY 2016 Detail Transfers**, was designed to let users compare budgeted transfers in and out to what has been entered in STAR.

**FTE Positions Budgeting**

The budgeting process for FTE positions is unchanged but will include an added emphasis on maintaining the personal services/FTE relationship. For Joint Legislative Budget Committee (JLBC) reporting purposes an accurate budgeted FTE position count is crucial. All budgeted personal services
should include associated FTE with the exception of student wages (State and local) and personal services entered on the Salary Input Schedule on Group Position SV99999 (Summary - Non ERE Supp. Pay Codes). The salary budget input schedule instructions will contain more information relating to FTE budgeting for FY 2016.

Salary and ERE Budgeting

FY 2016 salary budgeting will occur in STAR. To prepare for salary budgeting, please enter changes in PeopleSoft to update the information that will be pulled into STAR. Units are asked to pay careful attention that all Positions and Employees are associated with the correct EmplClass, as these are used for determining the applicable ERE rate.

ERE for State and local accounts will calculate in the STAR salary budget input schedule. ERE will be displayed for your information on each line, and will be summarized at the top of the salary input schedule. Total ERE by account also will be displayed on the financial budget input schedule.

As in past years, units are responsible for covering the cost of incremental ERE associated with new FY 2016 commitments and/or changes to the FY 2015 base budget amounts involving personal services.

All Funds Budgeting

OPB will continue its efforts to produce a comprehensive All Funds operating budget for FY 2016 that accurately depicts projected revenues and expenditures. All individual accounts in the 1XXX, 2XXX, 4XXX, 5XXX and 9XXX fund groups should be budgeted in STAR, unless they are associated with an APPR account (and the APPR account is budgeted). All planned activities must have an associated budget. As has been the university’s long standing practice, all state accounts, all local accounts receiving a general university local fund subsidy, and all local accounts having actual, estimated or projected annual expenditures and/or transfers out of $100,000 or greater will be loaded and controlled at the appropriation unit level within Advantage. All General Purpose Fund accounts will be budgeted and controlled at the appropriation unit level in Advantage.

Local Fund Balance Analysis

The FY 2016 budget process will continue to include increased attention to the budgeted use of local fund balances, to ensure that the balances are sufficient to sustain current activity levels, or to ensure that cost reduction options are in place if balances cannot sustain current activity levels.

Budget Input and Forecasting Training

STAR Admin will continue to present in-person training sessions to introduce new users to STAR and will offer both in-person and online budget and forecast input training to familiarize budgeters to updated budget input schedules. Training is scheduled to begin March 11. All STAR Budget Input users must complete either an in-person STAR Budget Input training session or the optional online training in Blackboard, which involves an assessment (quiz) at the end, in order to have their write access activated for FY 2016 budget input.

FY 2015 Budget Allocations

Initial FY 2016 Planned Commitments Reports will be available for review in the SFA folder in STAR on March 11. The Planned Commitment Reports include known changes to FY 2015 base budgets. The Planned Commitments reports will be updated as decisions are made and ultimately will serve as the formal record of all incremental allocations for FY 2016. The report contains known incremental changes to base State budgets as well as known allocations of local funds.

The final FY 2016 Budget Allocation and State Balancing reports reflecting all known changes and commitments to FY 2015 base budget amounts are scheduled to be available in the SFA folder in STAR
on May 15. Preliminary reports will be available on March 11 prior to the opening of budget input. The reports will contain known incremental changes to base State budgets including incremental ERE based on proposed FY 2016 ERE rates.

It should be noted that all Strategic Initiative Funds (SIF) that are not a permanent base addition to a budget will be treated as temporary, even if that funding is continuing from FY 2015 to FY 2016. In these instances you will receive documentation as to the expiration of SIF for FY 2015 and the reinstatement of the temporary funding for FY 2016.

**Budgeting Options**

- Because STAR provides the flexibility to track budget allocations over time, units will continue to have the ability to build temporary allocations into their budgets up front and thereby eliminate the need to process temporary transfers.

  Reports within STAR enable units to see the duration of temporary allocations and plan accordingly.

- The FY 2015 base State operating budget will be the starting point for calculating the new FY 2016 base. The calculation will take into account known changes, including allocations for incremental ERE based on the FY 2016 rates, additions such as Provost planned allocations to meet enrollment goals, approved changes for continuing initiatives and new initiatives for FY 2016, and reductions from the base for initiatives that have ended, and other known changes.

- Allocations for the following items will be handled as they were in FY 2015:
  - F&A distributions
  - Faculty Start-Up
  - Summer Sessions Residuals Transfers-in (units should budget Summer Sessions residuals as Transfers-in and not as revenues in Summer Session Residual or other fund 4XXX accounts)

- Costs for the following items will continue to be funded from centrally held resources:
  - Debt Service
  - Tuition-Based Financial Aid
  - Central Plant funds (major and minor capital project funding)

Colleges, Schools and research centers will continue to receive Facilities & Administration (F&A) funding based on their sponsored project activity, as determined by the Office of Knowledge Enterprise Development.

**TIMELINE / DELIVERABLES**

STAR Admin will offer training sessions to the user community to introduce the salary budget and budget input processes beginning in mid-March.

The FY 2016 budget process calendar is attached. The following are planned key dates:

- Preliminary FY 2016 Planned Commitments Reports and preliminary Budget Allocation and State Balancing Reports posted in STAR - March 11
- STAR opens for FY 2016 Salary, Financial and Transfers budgeting - March 11
- Deadline for input of FY 2015 3rd quarter forecasts - April 9
- Final FY 2016 Planned Commitments Reports and Budget Allocation and State Balancing Reports posted in STAR - May 15
- Unit deadline for completion of State and local salary and budget input in STAR - May 29*
- OPB sends budget load files to Financial Services - June 27

*Note: The deadline for completing State and local budget input is subject to change based on the approval of the FY 2016 budget process calendar.
Financial Services loads FY 2016 budgets to Advantage - June 30 - July 3

* The May 29 State and local salary and budget input deadline assumes VP and College Business Officer review and approval of budgets prior to their input into STAR