OVERVIEW

The ASU 2012-13 (FY13) budget process will focus on producing an All Funds budget that accurately reflects anticipated revenues and expenditures. The process will incorporate a number of changes prompted by ABOR requirements to provide budget information in far greater detail than has been required in the past. These changes are described below.

The FY13 budget process will occur earlier than in recent years, in response to an accelerated submission timeline for ABOR. Planned Commitments Reports in the STAR planning application are now available and will be updated as additional budget decisions are made. Budget Allocation and State Balancing reports will be available in STAR when the financial budget application is available, currently scheduled for March 5. Those reports will continue to be updated as resource allocation decisions are made, with final reports available on April 9. ABOR approval of FY13 tuition and fee rates, scheduled to occur at the April 5-6 meeting, will be key to determining final budget allocations. The budget process timeline calls for an April 11 deadline for input of FY12 3rd quarter forecast changes, an April 20 deadline for units’ State and local budget input and final completion of all FY13 budgeting in time for loading to Advantage as early in July as possible.

WHAT TO EXPECT FOR FY13

ERE

ASU’s FY13 ERE rates, as proposed to the Department of Health and Human Services (DHHS), are as follows:

- Faculty - 30.7%
- Staff - 39.6%
- Non-Benefits Eligible Personnel (includes LMT category employees) - 8.5%
- Students (excludes RA/TA’s) - 1.9%
- RA/TA (excludes tuition remission) - 9.7%

The Office of Planning and Budget (OPB) will calculate and allocate incremental ERE based on the FY13 rates for State accounts. The Governor has proposed an employer contribution rate reduction which could impact these rates; if that proposal is enacted we will resubmit the rate request accordingly and update the rates to be used for budgets at that time.

Risk Management Insurance and Network Communications (Netcomm) Charges

The FY13 Risk Management and Netcomm rates have not been set but will likely be close to the FY12 rates. Therefore, FY13 budget input will calculate the charges using FY12 rates (1.35% for Risk Management and 1.2% for Netcomm) for now. When the FY13 rates are set, STAR Admin will update the system and notify users of the changes.

The Risk Management Insurance and Network Communications charges will calculate automatically in the STAR salary budget input schedule.
KEY FEATURES FOR FY13

Accelerated State and Local Budget Process

Based on requests from users, STAR will open salary budgeting earlier in the process, beginning on February 6. It is important to keep in mind that while this will allow users to begin the process of developing detailed salary budgets, those budgets will be affected by final changes in the risk management and network communications rates.

User input in budgeting is scheduled to be complete by April 20. The accelerated FY13 process will use FY12 3rd quarter forecast local account ending balances as the beginning balances for FY13 budgeted local accounts.

Budgeting at the Object Level

Beginning FY13, units will be required to budget all revenues at the four-digit object level.

This change will allow for the reporting of revenue at the level of detail which meets ABOR’s reporting and analysis requirements. The FY13 Budget Input Schedule has been revised to accommodate this budgeting change. Instructions for budgeting at the four-digit object code level will be shown on the input schedule and emphasized in STAR budget training sessions. The Office of Planning and Budget will continue to budget tuition revenues, with the expectation that all other differential tuition, program, class and mandatory fees will be budgeted by the responsible unit. As a reminder, units should budget summer session residuals as a transfer-in rather than as revenue.

As in the past, Utilities (7350) will continue to be budgeted at the object level. Beginning in FY13, Capital(ized) Equipment (7810) has been added to the requirement for object code level budgeting. The ability to budget at the object level for all other 4-digit expenditure codes within all other operating is available, but not required.

Personal Services and ERE, from the Salary Application Input Schedule, Direct Cost of Sales and Financial Aid will continue to be budgeted at the Appropriation Unit Code level.

Budgeting General Purpose Funds

To fulfill ABOR reporting requirements, any departmental accounts receiving General Purpose Funding must reside in specific general purpose fund codes. The budgeting and transfer of General Purpose Funds will only be permitted to other General Purpose Fund local accounts.

General Purpose Funds include the following:

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

Transfers of General Purpose Funds will be made only to local accounts carrying a General Purpose Funds code in Advantage, with the exception of ASC and Plant Fund accounts. Existing ASC accounts will be flagged in Advantage. New ASC accounts will be coded as General Purpose Funds.
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 establish College level RA/TA tuition benefit accounts in the General Purpose Fund. Colleges will be allowed to transfer from the College level accounts to departmental accounts that have been established in the General Purpose Fund. Alternatively, colleges will be permitted to expense transfer RA/TA tuition benefit expenses between departmental accounts and college level accounts using code 7200 xx.

Financial Services will assist units with setting up new General Purpose Fund accounts in Advantage beginning March 8.

**Transfers In and Out Budgeting**

The FY13 Local Budget Transfers In/Out input process has been redesigned to improve reporting capability, balancing of transfers in and out, and to achieve a single system of record for budgeted transfers. A new STAR report, **FY13 Detail Transfers**, has been designed to let users compare budgeted transfers in and out to what has been entered in STAR. Please contact your OPB budget liaison for more information regarding transfers from General University Local Fund sources.

**OTHER FEATURES FOR FY13**

**FTE Budgeting**

The FTE budgeting process will remain unchanged but will include an added emphasis on improving the relationship between budgeted state personal services and FTE positions. For legislative and other reporting purposes, an accurate budgeted FTE position count is increasingly important to ASU. A review of the FY11 and FY12 State and local operating budget documents drew attention to the many instances of budgeted salary lines with either no corresponding FTE and/or arbitrary or inconsistent relationships between salaries and FTE. OPB will perform a thorough review of this input to ensure that such inconsistencies are minimized in the FY13 budget. The salary budget input schedule instructions will contain more information relating to FTE budgeting for FY13. The recent practice of not attaching FTE to State funded student wages remains in effect for FY13.

**Salary and ERE Budgeting**

FY13 salary budgeting will continue to take place 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 are associated with the correct EmplClass and benefits program(s), 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. ERE totals 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 all known new FY13 commitments and/or changes to the FY12 base budget amounts involving Personal Services.

**All Funds Budgeting**
OPB will continue its efforts to produce a comprehensive All Funds operating budget for FY13 that accurately reflects both anticipated 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. Beginning FY13, all new General Purpose Fund accounts will be budgeted and controlled at the appropriation unit level in Advantage.

Local Fund Balance Analysis

The FY13 budget process will continue to include increased attention to planned 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 Training

STAR Admin will offer both online and in-person training sessions to introduce users to the updated budget input schedules, as well as introduce new users to STAR in general, beginning late January. All users are required to attend a training session although returning users will have the option of participating in the online session.

FY13 Budget Allocations

The FY13 Planned Commitments Reports are available for review in the SFA folder in STAR. The Planned Commitment Reports include known changes to FY12 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 FY13.

The final FY13 Budget Allocation and State Balancing reports reflecting all known changes and commitments to FY12 base budget amounts are scheduled to be available in the SFA folder in STAR on April 9. Preliminary reports will be available when financial budgeting opens March 5. The reports will contain known incremental changes to base State budgets including incremental ERE based on FY13 rates, as well as known allocations of local funds.

It should be noted that all Strategic Initiative Funds that are not a permanent base addition to a budget will be treated as temporary, even if that funding is continuing from FY12 to FY13. You will see the fund expiration for FY12 and the fund commitment for FY13 on your planned commitment reports.

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 FY12 base State operating budget will be the starting point for calculating the new FY13 base. The calculation will take into account known changes, including allocations for incremental ERE based on the FY13 rates, additions such as Provost planned allocations to meet enrollment goals, approved changes for continuing initiatives and new initiatives for FY13, reductions from the base for initiatives that have ended and other known changes.
The accelerated FY13 budget process will use FY12 3rd quarter forecasted local account ending balances as the beginning balances for FY13 budgeted local accounts.

Allocations for the following items will be handled as they were in FY12:
- 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 the Vice President for Research and Economic Activity.

TIMELINE / DELIVERABLES

STAR Admin will offer training sessions to the user community to introduce the salary budget and budget input processes beginning in late January.

The FY13 budget process calendar is attached. The following are key dates:

- FY13 Planned Commitments Reports posted in STAR - February 1
- STAR system opens for FY13 salary budget input - February 6
- STAR system opens for FY13 financial/transfers budget input - March 5
- Final Planned Commitments Reports and Budget Allocation and Balancing Reports posted in STAR - April 9
- Deadline for input of FY12 3rd quarter forecast changes in STAR - April 11
- Unit deadline for completion of State and local salary and budget input in STAR - April 20*
- Deadline for OPB input of General University State and local fund budgets - May 11
- OPB sends budget load files to Financial Services - July 2
- Financial Services loads FY13 budgets to Advantage - July 3-6

* The April 20 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