



FY 2021 Forecast Process and Guidelines

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1. OVERVIEW

Continuing ABOR requirements for the provision of highly detailed budget and forecast information are driving the need for institution-wide strengthening of our budgeting and forecasting efforts. ABOR asks each university to submit a Quarterly Financial Status Update Report with information for the current year and comparative data for the previous year. With financial data, the report includes explanations for significant differences between projected results and original budget figures as well as explanations for differences between projected results and last year's actual performance.

The ABOR report format includes the following revenue line items: state appropriations, tuition and fees, grants and contracts, financial aid grants, private gifts, Technology and Research Initiative Fund (TRIF) revenues, auxiliary revenues, and other revenues. Expense line items include salaries and wages, benefits, all other operating, scholarships and fellowships, depreciation, and interest on indebtedness. Due to the increasingly detailed reporting and oversight requirements, improving the accuracy of forecasts and capturing a greater level of financial detail are necessary.

The purpose of this forecast exercise is fourfold:

- 1) To provide accurate forecasts of revenues and expenses by line item for the university
- 2) To gain a greater understanding of the differences between year-end forecasts and operating budgets
- 3) To understand differences between forecasts and prior-year actual financial results, and
- 4) To provide an opportunity to maintain up-to-date budget information in Adaptive Planning in anticipation of the next year's budget process.

2. TIMELINE / DELIVERABLES

Date	Action
Thursday, November 5	Month End Close
Monday, November 9	Adaptive Planning Production Go-Live
Thursday, December 10	Units finalize fall forecast data and e-mail variance explanation report to OPB liaison

*The forecast completion deadline assumes College/School/VP Business Officers have reviewed and approved all forecast input prior to the deadline. This deadline is subject to change based on the timing of ABOR and internal university decisions.

3. BUDGET SYSTEM

FY 2021 fall forecasting will be the first exercise in Adaptive Planning. Reports will be available in Adaptive Planning by that time. Information regarding the implementation of Adaptive Planning may be found on the [budget system webpage](#). In addition to what is posted to the website, content may be accessed in [Workday](#).

OPB has made forecast input training materials available online to introduce users to Adaptive Planning and to familiarize forecasters with forecast input sheets. All approved Adaptive Planning users will have data input access for FY 2021 forecasting purposes.

Training information and documentation for Adaptive Planning can be found in several places:

- Adaptive Planning: Learning and Tutorials.
- Career EDGE: Training modules and registration links for Live Demo Q/A sessions.
- Service Now: Knowledge Base articles.
- Workday: Work Instructions Worklet in the Adaptive Planning tab.

For technical assistance during the forecast input process, please call the Experience Center at 1-844-448-0029, or submit a Service Now Support form by searching for "FMS and Budget System Support Request form" in the Service Catalogue.

4. CHANGES FOR FY 2021

4.1 ERE Rates

Employee-related expenses (ERE) are ASU's cost for benefits provided to employees as part of their total compensation package at the university. These include workers' compensation insurance, unemployment insurance, the employer's portion of Social Security taxes, retirement plan contributions, health/dental insurance, and life/disability insurance. ERE is budgeted and charged based on rates established by ASU's Office of Planning and Budget, rather than the actual benefit cost associated with individual employees. Each employee class in PeopleSoft is assigned an ERE rate and the rates are applied to employee gross pay to determine ERE expense.

The current rates for FY 2021, as approved by the Department of Health and Human Services (DHHS), are shown below:

- Faculty - 26.3%
- Staff - 33.0%

- Non-Benefits Eligible (includes limited duration category employees) - 9.4%
- Student (non-work study) - 1.5%
- Student (work study) - 5.0%
- Research Assistant/Teaching Assistant (excludes tuition remission) - 10.0%
- Post Doc - 21.0%

Units that employ federal work study students must cover 100 percent of the ERE associated with the cost of federal work study student wages.

As a reminder, units are no longer prohibited from using general operating ERE savings for other uses. Furthermore, units are responsible for covering the impact of changes in ERE rates for all funds.

Additional guidance on ERE can be found at <https://cfo.asu.edu/employee-related-expenses-ere-rates>.

4.2 Risk Management Rate

The risk management rate distributes the cost of self-insurance provided by the State of Arizona to university activities. The risk management rate for FY 2021, which applies to both general operating and local programs, is 1.10% of personal services expenditures.

4.3 Network Communication (Netcomm) Rate

The network communications rate is set annually to cover network costs identified as “advanced network services” by assessing a set percentage against personal services charged to operating funds. Sponsored funds are exempt. The network communication (Netcomm) rate for FY 2021 is 1.65% of personal services expenditures.

4.4 Administrative Services Charge (ASC) Rate

The administrative services charge (ASC) rate provides for local accounts to share in the cost of university administrative services that benefit local accounts. These services include accounting, information technology, budgeting, campus security, facilities planning, fiscal transactions processing, human resources, legal, payroll, and purchasing services. Certain funds and certain expenditures are exempt. Exclusions include:

- FUNDS - General Operating, Sponsored Projects, Student Loans/Financial Assistance, Plant Funds, Selected Custodial and Clearing Funds, Special Class Fee/Deposit Accounts, Eminent Scholars Accounts, Technology and Research Initiative Funds (TRIF) Accounts, Gift Accounts, and General Administrative Common Service Units (local accounts funded from ASC).
- EXPENDITURES - Payments for Student Financial Assistance, Cost of Sales, and other items as approved by OPB.

The FY 2021 ASC rate is 8.5% of eligible expenditures.

4.5 Research Assistant/Teaching Assistant (RA/TA) Tuition Remission

ASU develops an annual RA/TA tuition remission rate based on the weighted average rate increase for all research and teaching assistants due to ABOR approved differentiated tuition rates for non-resident domestic and non-resident international graduate students. The current FY 2021 academic year RA/TA tuition remission rate is \$17,272 (\$8,636/semester) and the summer rate is \$1,124.

4.6 Research Assistant and Teaching Assistant Stipends

The minimum TA stipend increases to \$18,564 for AY 2020-21. The stipend amount corresponds to a 0.50 full-time equivalent (FTE) appointment for the full academic year. Lesser FTE and/or one semester appointments should be prorated based on this amount. New grant proposals should update forecast for RA positions at a minimum of the TA stipend rate.

4.7 Student Wages

The minimum wage for ASU student employees increased to \$11.50/hour on Monday, June 29, 2020. ASU made this adjustment to the hourly rate to remain competitive in the marketplace and to maintain its standing as a preferred employer for university students. No additional central funding will be allocated for this change.

The Office of Human Resources (OHR), Financial Services, and the Student Employment Office will be working together to manage the change centrally. The new wage was reflected as of the July 17, 2020 paycheck.

There is no administrative requirement to increase wages for students earning \$11.50/hour or above based on the new minimum wage going into effect. Departments concerned about “wage compression” should be thoughtful and anticipate increasing wages for students at or above \$11.50/hour independent of this decision. The Student Employment Office sent out additional information regarding the overall changes to the Student Employment Standard Wage Scale, as a result of this new minimum, for fall 2020. This increase, and a planned increase to \$12 an hour in July of 2021, are independent of any state mandates.

4.8 Budget Decentralization and ERE Rate Savings

For FY 2021, as part of ASU's budget decentralization initiative, units have been asked to contribute 2.00% of FY 2020 budgeted expenditures for internal reallocation on an ongoing basis. Additionally, as part of FY 2021 budget actions, units have been asked to reallocate ERE rate savings on a one-time basis.

The following cost center/programs should be used for FY 2021 transactions:

- CC0320 PG10616 - LCL
- CC0320 PG10617 - GOT
- CC0320 PG10618 - GOA
- CC0320 PG10619 - NLT

In an effort to identify the ERE rate savings transactions, units are asked to use Department Reporting worktag “FY21 ERE Rate Savings” reference ID D4330.

5. FY 2021 FORECASTING

5.1 All Funds Forecasting

OPB will continue its efforts to produce a comprehensive operating forecast that accurately depicts projected revenues and expenditures. All planned activities in the following fund groups should be forecasted in Adaptive Planning:

- FDH004 - Financial Aid (Restricted)
- FDH005 - GOP-General Operating
- FDH009 - Other Restricted
- FDH013 - Summer Sessions
- FDH014 - TRIF
- FDH015 - Designated Unrestricted
- FDH018 - Auxiliary

5.2 Revenue and Spend Categories

The FY 2021 forecast input process will use the FMS structure in Workday. The Forecast Input Sheets in Adaptive Planning list the revenue and spend categories numerically, and the Companion Reports summarize the revenue and spend category hierarchies that are derived from the “Fiscal Year Operating Budget” budget structure.

OPB will enter centrally managed tuition revenues and units are responsible for forecasting all other program fees, class fees, student-initiated fees, and all other student fees. As a reminder, units should not forecast summer session transfers as revenue; rather, summer session revenue will be entered by OPB as a revenue distribution.

In recent years, to facilitate senior leadership reporting, OPB has asked units to forecast Utilities (SCH0113) and Capital(ized) Equipment (SCH0016) at the lower level. In addition to this continued effort, OPB requests that units separately forecast the following revenue and spend categories, if applicable:

- Endowment Income Total (RCH0358)
- Investment Income Total (RCH0168)
- Non-Capital Software (SCH0149)
- Noncapital Equipment (SCH0079)
- Materials and Supplies (SCH0076)

If it is desired to forecast Other Operating at a high level, please use SCH0077 – Miscellaneous Expenses. If users would like to compare actuals to forecast for Other Operating expenses at the spend category hierarchy level, forecasted amounts should be entered at the spend category hierarchy level in Adaptive Planning. Amounts entered at the spend category hierarchy level in Adaptive Planning have been loaded to FMS at the same level.

A few final reminders:

- Forecast ASU Foundation gift revenues in revenue category RCH0028 - ASU Foundation Gifts.
- Forecast direct cost of sales and financial aid at the higher spend category hierarchy level.
- Personal Services and ERE (except RA/TA employee tuition benefit) are entered on the Salary Input Sheet.

5.3 Forecasting Transfers and Revenue Distributions

Voluntary transfers for centrally funded allocations that were entered in the FY 2021 Budget have been restated as revenue distributions. OPB will input any changes in forecast for revenue distributions, which

will appear as a revenue for the receiver. No data input is required by the receiving entity. This effort will greatly enhance the utility of management reports as these transfers will now appear as revenue for the following funding sources:

- Immersion Tuition
- Online Tuition
- Program Fees
- Undergraduate College Fees
- Graduate College Fees
- Summer Sessions Immersion Tuition
- Summer Sessions Online Tuition
- Graduate Student Support Fee
- Facilities & Administration Recovery
- Administrative Services Charge

Please refer to the appendix for a list of the revenue categories and ref IDs.

All other transfers remain as transfers and should be forecasted on the Transfer Input Sheet. Only the entity sending the funds should enter the transfer.

For historical comparisons, voluntary transfers for centrally funded allocations in FY 2019 and FY 2020 will be restated as revenue distributions in Adaptive Planning by November 16. The restated actuals for FY 2019 and FY 2020 will be available in forecast reports.

5.4 Forecasting Non-appropriated Tuition Funds

Non-appropriated tuition funds include the following:

- FD5002 - Local Tuition and Fees-NLT
- FD5009 - Class Fees-NLT
- FD5010 - Designated Financial Aid-NLT
- FD5011 - Biodesign Startup-NLT
- FD5013 - Program Fees-NLT
- FD5014 - Mandatory Student Fees-NLT (excluding AFAT Restricted Funds)
- FD5020 - Undergraduate College Fee Revenue-UCF
- FD5021 - Graduate Student Support Fee Revenue-GSSF
- FD4000 - Summer Session Immersion-NLT
- FD4001 - Summer Session Residual-NLT
- FD4100 - Summer Session Online-NLT
- Other local accounts containing tuition and fee revenues

The non-appropriated tuition and fees fund is a self-contained fund consisting of only non-appropriated tuition and fees. Non-appropriated tuition funds can be transferred only to other local programs associated with non-appropriated tuition funds. Transfers to debt service, reserves, and other non-

operating funds are also allowed. Expense transfers outside the non-appropriated tuition fund to programs within the non-appropriated tuition fund are permitted.

5.5 Forecasting General Operating Program Fees and College Fees

For FY 2021, general operating program fee and college fee revenues will be maintained as general operating funds and allocated directly to units as expenditure authority. Financial Services remapped fees in PeopleSoft for fall 2020. This approach required that a single revenue program be established in one cost center for affected units. The primary benefit of this approach is that revenue will show appropriately in financial and management reports for units.

5.6 Establishing and Forecasting Gifts in FMS

Gift revenues to ASU are subject to a 5% assessment of gift funds for university initiatives. Gift accounts are exempt from paying ASC and departments should continue to establish gift accounts in FMS as needed. **As a reminder, in order to be exempt from ASC, gift revenue is the only allowable revenue source for gifts.** Units are not to forecast revenue category hierarchies in gifts other than RCH0028 - ASU Foundation Gifts or RCH0181 - Other Private Gifts. For more information please refer to the following documents:

http://www.asu.edu/fs/documents/ASU_Gift_Policy_Change.pdf

http://www.asu.edu/fs/documents/ASU_Gift_Matrix.pdf

5.7 Salary and ERE Forecasting

To prepare for salary forecasting, units should enter changes in PeopleSoft to update the information that will be reflected in Adaptive Planning. Please pay careful attention that all positions and employees are associated with the correct EmplClass, which is used for determining the applicable ERE rate.

The Adaptive Planning Salary Input Sheet is designed to calculate ERE. Total ERE by account is displayed on the Companion Report.

Date holds particular importance in Adaptive Planning Salary. Positions that have a date that makes them active will be both forecasted and budgeted. This treatment can be changed by changing the date.

In Adaptive Planning, the Salary forecast data reflects a PeopleSoft snapshot based on year-to-date actuals instead of what was inputted for budget. Consequently, users will see a difference between original budget and forecast in Personal Services and related fees including ERE, risk management, ASC and Netcomm. The "Salary Load – Daily Snapshot" input sheet reflects current PeopleSoft data, which can be copied and pasted into the Salary Input sheets to update Forecast.

5.8 RA/TA Employee Tuition Benefit Flat Rate and Expense Transfer - Spend Category Hierarchies SCH0048, SCH0058 and SCH0060

Non-appropriated tuition funds are allocated from central university to NLT programs in college and school dean's offices to pay for some research assistant (RA) and teaching assistant (TA) tuition benefits. The RA/TA tuition benefits are expensed in local fund (LCL) programs PG99994 and PG99997. Since fund transfers between non-appropriated tuition (NLT) funds and local (LCL) funds are not allowed, the

dean's offices will fund the RA/TA tuition benefit programs through a manual journal entry using spend category "SC0612 - RA/TA NLT Expense Transfer."

5.9 FY 2021 Online Tuition and Fee Restructure

Similar to last year's restructuring of immersion undergraduate student tuition and fees, online program fees, course fees, and the student technology fee were moved to a four-tier college fee, charged to all undergraduate students.

Similar to last year's restructure, online undergraduate college fees will be allocated such that units will receive revenues in FY 2021 on the same basis as the previous structure.

5.10 FY 2020 Immersion Tuition and Fee Restructure

For FY 2021, units should plan on continuing to receive revenue on the same basis as the previous structure.

5.11 Budgeted Beginning Balances

The beginning balance amount in the Year End Forecast has been pre-populated with actual beginning balances. Consequently, forecast changes are not allowed for this line. The beginning balance is not included on the input sheets but is displayed in the companion reports.

5.12 Negative Operating Margins and Deficit Forecasts

Emphasis continues to be placed on monitoring and developing plans for addressing negative operating margins and deficit forecasts. At the budget unit level, for instances in which FY 2021 forecasted expenses, including net transfers, exceed FY 2021 forecasted revenues, i.e., a negative operating margin, budget units will be asked to develop plans for addressing deficits and/or drawdowns of fund balances.

5.13 Forecast Reports

The Office of Planning and Budget (OPB) makes available three reports, a Forecast Variance Explanation Report, a Financial Operating Statement, and a Monthly Year-end Forecast Report that are intended to help inform users of the thoroughness of their forecast entry.

The Financial Operating Statement displays a two-year history of actual results, the current year original budget and the current forecast. For FY 2021, the Forecast Variance Explanation Report compares FY 2021 Total Original Budget to FY 2020 Actuals and to FY 2021 Total Year End Forecast. The Monthly Year-end Forecast Report displays FY 2021 Total Original Budget, FY 2021 Year-end Forecast, FY 2020 and 2019 Prior Year Actuals, and percent variances.

Adaptive Planning users should utilize these reports to confirm that the forecast line items are reasonable or identify line items that need further review.

The Forecast Variance Explanation Report is used to explain reasons for changes in revenue and expense line items and to validate the FY 2021 forecast input. Running the report and preparing variance explanations prior to the December 10 deadline for forecast input will allow users the opportunity to make

last minute changes to the forecast entry if warranted. **Forecast variance explanations for colleges/schools/VP areas are due to OPB by December 10.**

The Forecast Variance Explanation report located in Adaptive Planning requires the OfficeConnect add-in. The report can then be downloaded and explanations added off-line. Once the explanations have been completed, the Excel file should be e-mailed to the unit's OPB liaison.

6. CONCLUSION

Senior fiscal administrators should contact their OPB liaison with any questions or needs. OPB thanks units for their diligence in this important effort.

Budget Unit	OPB Liaison
Business	Valerie Wells
Business & Finance	Hilary van der Stroom
CISA	Gregory Cleveland
Cultural Affairs	Jim Sliwicki
Development	Jim Sliwicki
EdPlus	Gregory Cleveland
Engineering	Valerie Wells
Enrollment Services	Gregory Cleveland
Enterprise Marketing Hub	Jim Sliwicki
EOSS	Allyson Atkinson
Executive Administration	Gregory Cleveland
Global Futures	Alison Siller
Global Management	Hilary van der Stroom
Graduate College	Hilary van der Stroom
Health Solutions	Gregory Cleveland
HIDA	Alison Siller
Honors College	Gregory Cleveland
Journalism	Allyson Atkinson
Knowledge Enterprise	Alison Siller
Law	Larry Pierson
New College	Gregory Cleveland
Nursing	Gregory Cleveland
Provost	Larry Pierson
Summer Sessions	Larry Pierson
Sun Devil Athletics	Jim Sliwicki
Teachers College	Allyson Atkinson
The College	Hilary van der Stroom
University College	Hilary van der Stroom
University Libraries	Gregory Cleveland
UTO	Larry Pierson
Watts College	Allyson Atkinson

7. APPENDIX

Revenue Category	Ref ID
Immersion Tuition Revenue Distribution	RC1187
Online Tuition Revenue Distribution	RC1188
Differential Tuition Revenue Distribution	RC1189
Program Fee Revenue Distribution	RC1190
Immersion Undergraduate College Fee Revenue Distribution	RC1191
Online Undergraduate College Fee Revenue Distribution	RC1214
Immersion Graduate College Fee Revenue Distribution	RC1192
Immersion Summer Tuition Revenue Distribution	RC1193
Online Summer Tuition Revenue Distribution	RC1194
Graduate Student Support Fee Revenue Distribution	RC1195
Facilities and Administration Revenue Distribution	RC1196
ASC Revenue Distribution	RC1197