BACKGROUND
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 quarterly 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 entered in STAR
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 STAR in anticipation of the next year’s budget process.

STAR Admin has developed a forecast input schedule that is similar to the workbook used for annual budgeting. Detailed instructions for using the Forecast Input Schedule are available online in the STAR Budget System Blackboard course.

Forecast Variance Explanations
For quarterly forecasts, we are asking senior fiscal administrators to provide variance explanations for forecasted revenues and expenses for their areas. Please enter variance explanations directly into STAR using the FYXX Variance Explanation Workbook. The workbook can be found by selecting “Open Server Input Form Folder...” in the Financial – EPMWorkday model. Explanations should be provided at the highest budget unit level within the STAR CostCenter hierarchy. Instructions for inputting explanations and researching variances are located on the first tab of the workbook as well as the ‘Explanation Input’ and detail tabs. If you have questions about using the workbook, please contact your assigned liaison within our office or STAR Admin.

GUIDELINES
In general, forecasts should be updated to reflect your best estimate of revenues and expenses by line item for your area. Estimates should be based on actual year-to-date amounts plus projected activity for the remainder of the year. Guidelines for specific line items follow.

Beginning Balance
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.

RCH0026 –Appropriations Total
For general operating appropriated (GOA) programs, appropriations in the Year End Forecast column reflect budget changes made in FMS. As a result, forecast changes are not allowed for
this line item. Future budget changes are updated once transactions have been approved and processed in FMS. Appropriations in the Year End Forecast column are updated daily based on budget changes made in FMS the previous day.

RCH0217- Tuition and Fees
This line item includes on-campus and online tuition, differential tuition, special program fees, special class fees, mandatory fees, and other student fees. Summer Session residuals are transferred to units by the Provost’s Office and should be included on the RCH0215 - Transfers In Total line.

Tuition and fee revenue was budgeted at the revenue category hierarchy level, so forecasts should be entered at the same level. Please ensure that tuition and fee revenue not included in the budget, but occurring in actuals, is reflected in the forecast.

Grants - Grants, Contracts and Gifts
Revenue from grants, contracts and gifts was budgeted at the revenue category hierarchy level and forecasts should be entered at the same level. Please ensure that revenue not included in the budget, but occurring in actuals, is reflected in the forecast. As with budgeting, private gift revenue from the ASU Foundation should be forecasted separately on the RC0075 – Gifts ASU Foundation line in the Forecast Input Schedule.

RC0075 – Gifts ASU Foundation
This line enables the university to budget and forecast private gift revenue received from the ASU Foundation separately from other sources. Please ensure that revenue not included in the budget, but occurring in actuals, is reflected in the forecast. If ASU Foundation revenue was included in the budget for private gifts, please adjust the amount on the Other_P_Gift – Other Private Gifts line.

RCH0207 - Technology and Research Initiative Fund
Technology and Research Initiative Fund revenue is derived from a percentage of state sales tax revenues. Forecasts for this revenue source are entered by Knowledge Enterprise Development and the Office of Planning and Budget. Other units should not enter forecasts for this line item.

RCH0202 – Sales and Services
Sales and services revenue was budgeted at the revenue category hierarchy level. Forecasts should be entered at the same level. Please ensure that sales and services revenue not included in the budget, but occurring in actuals, is reflected in the forecast.

Misc_Other – Miscellaneous and Other
Miscellaneous and other revenue was budgeted at the revenue category hierarchy level and forecasts should be entered at the same level. Please ensure that miscellaneous and other revenue not included in the budget, but occurring in actuals, is reflected in the forecast.

RCH0180 – Other Additions
This line item includes endowment and investment income. This revenue was budgeted at the revenue category hierarchy level and forecasts should be entered at the same level. Please ensure that revenue not included in the budget, but occurring in actuals, is reflected in the forecast.

SCH0085 – Personal Services
Personal services were budgeted at the employee category level in FMS. Forecasts may be entered at the same level or an aggregate personal services level.

The forecast for personal services should include salaries and wages paid to date plus estimated salaries and wages for the remainder of the year. As a result of vacancy savings,
projected salaries and wages may differ significantly from budgeted amounts. The Forecast Input Schedule can be used to view actuals including encumbrances for salaries and wages.

Year-to-date information compared to prior year experience may be helpful in projecting salaries and wages for the current year. The Monthly Year-end Forecast Report can be used to view actuals including encumbrances for personal services. These reports are discussed below in the “Pertinent STAR Prep Info” section.

ERE - Employee Related Expenditures (ERE)
ERE was budgeted at the employee category level in FMS. Forecasts may be entered at the same level or an aggregate ERE level.

If forecast changes are made to personal services using the Forecast Input Schedule, changes should be made to ERE as well. Current ERE rates are as follows: 27.3% for faculty, 36.1% for staff, 25.1% for post-doctoral scholars, 9.4% for non-benefits eligible positions, 7.1% for RAs/TAs, and 2.1% for student wages. If ERE forecasts are entered an aggregate level, you may use the actual year-to-date ERE rate for the account to estimate ERE. This rate can be calculated by dividing actual ERE by actual personal services for the current year and then multiplying the resulting rate by personal services to arrive at a projected ERE figure. This approach assumes the mix of positions remains the same during the rest of the year. So, if you anticipate a change in position types, you will want to take this factor into consideration when developing your projection.

Expenses for RA/TA employee tuition benefits are entered on separate lines on the Forecast Input Schedule.

RATA – RA/TA Employee Tuition Benefit
Amounts for RA/TA employee tuition benefits should be projected on separate lines. The current flat rates for RA/TA tuition remission are $16,672 per academic year for 0.5 full-time equivalent or greater positions and $1,085 per summer term for any full-time equivalent positions.

The SCH0048 – ERE - RA/TA NLT Expense Transfer line is used for expense transfers between programs. The college dean’s office receives non-appropriated tuition (NLT) funding to pay for research assistant/teaching assistant tuition benefits in a NLT fund program. RA/TA benefits are paid from a non-NLT fund account. The dean’s office may fund the RA/TA Tuition Benefit programs through expense transfers using code SC0612 - RA/TA NLT Expense Transfer. Transfers in and out between these programs cannot be processed, since the RA/TA Tuition Benefit programs reside outside of the NLT fund code.

AOO – All Other Operating
All other operating expenses were budgeted at the spend category hierarchy level. Please enter updated forecasts at the same level as budgeted. Expenses for utilities and capital equipment should be entered on separate lines in the Forecast Input Schedule.

In many instances, actual operating expenses are less than budgeted amounts. So please ensure the forecast reflects an accurate assessment of projected expenses for this line item.

SCH0113 – Utilities
Please ensure that utilities not included in the budget, but occurring in actuals, are reflected in the forecast. If utility expenses were included in the budget for miscellaneous expenses, please adjust the amount on the SCH0077 – Miscellaneous Expenses line.

SCH0015 – Capital
Please ensure that capital equipment expenses not included in the budget, but occurring in actuals, are reflected in the forecast. If capital equipment was included in the budget for
miscellaneous expenses, please adjust the amount on the SCH0077 – Miscellaneous Expenses line.

**SCH0007 – Administrative Service Charge (ASC)**

For material changes to personal services, ERE, utilities, capital equipment, and other operating expenses, please adjust the ASC forecast accordingly. The current ASC rate is 8.5% of applicable expenditures.

ASC allows local programs to share in the cost of university administrative services that benefit local programs. ASC is not charged to general operating programs. Please see FIN 206: Administrative Services Charge for university policies regarding ASC.

**SCH0099 – Risk Management Insurance Assessment**

The Risk Management Insurance Assessment distributes the cost of self-insurance provided by the State of Arizona to university activities. For material changes to personal services, please adjust the Risk Management Insurance Assessment accordingly. The current risk management rate, which applies to both general operating and local programs, is 1.25% of personal services.

**SCH0078 – Technology Fee**

For material changes to personal services, please adjust the Technology Fee (or network communications charge) accordingly. The current Technology Fee, which applies to both general operating and local programs, is 1.6% of personal services.

**SCH0019 – Direct Cost of Sales**

Typically, this line item is used by auxiliary activities to record the cost of goods purchased for resale to another party. This line item should not be used for general operating programs.

**SCH0126 – Student Support and Waivers**

This line item includes grants and scholarships, stipends, and other student support paid on behalf of students for which services are not required. These kinds of expenses are not permitted on general operating programs and therefore should not be included in the forecast for general operating programs. If financial aid or student support expenses were included in the budget for miscellaneous expenses, please adjust the amount on the SCH0077 – Miscellaneous Expenses line.

**SCH0110 – Transfers Out**

Forecasts should reflect actual year-to-date transfer amounts plus anticipated transfers for the remainder of the year. For anticipated transfers to programs within your area, please ensure the forecast includes corresponding transfers in. Overall, transfers in and out for the university as a whole should net to zero.

**RCH0215 - Transfers In**

Forecasts should reflect actual year-to-date transfer amounts plus anticipated transfers for the remainder of the year. If you anticipate receiving a transfer from another unit, please confirm the amount with the offsetting entity. Overall, transfers in and out for the university as a whole should net to zero.

**Pertinent STAR Prep Info**

A useful tool for this forecast exercise is the STAR Monthly Year-end Forecast Workbook which summarizes your unit’s:

- FYXX Original Budget
- FYXX Year End Forecast
- FYXX Year-to-Date Actuals
- FYXX-1 and FYXX-2 information
When you run this report, in addition to making your CostCenter selection from the EPM Context, make sure to select a month from the Time dimension. This report workbook also has worksheets that can zoom in on specific Revenue and Expense line item detail or specific funds.

This report is found in STAR’s internal server report directory in the Financial - EPMWorkday model as illustrated below:

A helpful companion tool to the Monthly Year-end Forecast Workbook is the reporting capability of the FYXX Variance Explanation Workbook, used to input forecast variance explanations.

User Access
Budget unit senior fiscal administrators (SFAs) should review their STAR User list prior to the forecast exercise to update user access. All STAR users with Budget Financial write access also have Forecast Financial access. Salary detail (data in the Salary model) and Transfer detail (data in the Transfers model) are not updated in the quarterly forecast. To update salary and transfer information, simply input directly into the Forecast Input Schedule (as described above).