TABLE OF CONTENTS

1. OVERVIEW ........................................................................................................................................... 1
2. TIMELINE / DELIVERABLES .................................................................................................................. 2
3. BUDGET SYSTEM ................................................................................................................................. 2
4. CHANGES FOR FY 2021 ........................................................................................................................... 3
5. FY 2021 BUDGETING .............................................................................................................................. 5
6. CONCLUSION ........................................................................................................................................ 11
7. APPENDIX ........................................................................................................................................... 11

1. OVERVIEW

ASU’s budgeting process is designed, in part, to support the preparation of the Arizona Board of Regents (ABOR) required annual operating budget.

For consideration by ABOR at its June meeting, ASU submits the annual operating budget for approval. The annual operating budget includes the following information:

- All general purpose, designated, and restricted fund budgets with projected revenues and expenses, adjusted to comply with Governmental Accounting Standards Board (GASB) principles of external reporting, for the fiscal year.
- Projected expenses by natural classification, i.e., salaries and wages, benefits, operating, scholarships and fellowships, depreciation, and interest on indebtedness.
- A measure of the projected liquidity of the university (monthly days cash on hand) at June 30.
- Appropriated Funds Expenditure Authority, consisting of legislatively appropriated General Funds and Technology and Research Initiative Funds and appropriated tuition.
- A report of units with operating fund deficits over $100,000, including a brief description of a plan to eliminate each of the deficits.
2. TIMELINE / DELIVERABLES

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday, April 6</td>
<td>Preliminary FY 2021 Planned Commitments Reports and FY 2021 Budget Allocation and Balancing Reports posted in STAR</td>
</tr>
<tr>
<td>Monday, April 6</td>
<td>Opening of FY 2021 budgeting in STAR</td>
</tr>
<tr>
<td>Monday, April 13</td>
<td>Unit deadline for STAR input of FY 2020 3rd quarter forecasts</td>
</tr>
<tr>
<td>Monday, April 20</td>
<td>Unit deadline for submission of FY 2021 program fee, college fee, and class fee estimates to OPB</td>
</tr>
<tr>
<td>Friday, April 24</td>
<td>Unit deadline for STAR input of all FY 2021 tuition and fee revenue estimates</td>
</tr>
<tr>
<td>Monday, May 11</td>
<td>Final FY 2021 Planned Commitments Reports and Budget Allocation and Balancing Reports posted in STAR</td>
</tr>
<tr>
<td>Friday, May 29*</td>
<td>Unit deadline for completion of FY 2021 budget input in STAR</td>
</tr>
<tr>
<td>Monday, June 8</td>
<td>Unit deadline for submission of FY 2021 budget variance explanations</td>
</tr>
<tr>
<td>Monday, June 8</td>
<td>Unit write access removed; restored as needed pending budget review</td>
</tr>
<tr>
<td>Wednesday, June 10</td>
<td>OPB begins FY 2021 budget review</td>
</tr>
</tbody>
</table>

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

3. BUDGET SYSTEM

By the end of the calendar year 2020, the Office of Planning and Budget (OPB) will phase out and replace the current enterprise budget and planning system, STAR, with Adaptive Insights, a Workday company. FY 2021 budget input will be completed in STAR.

OPB will make budget input training materials available online to introduce new users to STAR and to familiarize budgeters with budget input schedules. All approved STAR users will have write access for FY 2021 budgeting purposes. Following the budget load process, STAR users will have read only access to all STAR reporting through at least mid-December. After the STAR system is retired, three years of STAR data, which was converted to the Workday format, will be migrated to Adaptive Insights and archived in the data warehouse.

STAR training materials will be available online via Canvas: [https://canvas.asu.edu/courses/8187](https://canvas.asu.edu/courses/8187). For technical assistance during the budget input process, please contact STAR Admin at staradmin@asu.edu or (480) 727-0669.

FY 2021 1st quarter forecasting is planned to be the first exercise in Adaptive Insights. Reports will be available in Adaptive Insights by that time. Information regarding the implementation of Adaptive Insights may be found on the [budget system webpage](#). In addition to what is posted to the website, content may be accessed in [Workday](#).
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.

ASU has proposed the following ERE rates to the Department of Health and Human Services (DHHS) and anticipates approval by June. The current rates are shown in parentheses:

- Faculty - 26.3% (27.3%)
- Staff - 33.0% (36.7%)
- Non-Benefits Eligible (includes limited duration category employees) - 9.4% (9.4%)
- Student (non-work study) - 1.5% (1.1%)
- Student (work study) - 5.0% (3.7%)
- Research Assistant/Teaching Assistant (excludes tuition remission) - 10.0% (7.1%)
- Post Doc - 21.0% (22.7%)

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 current ASC rate of 8.5% of eligible expenditures is currently being evaluated. OPB anticipates a finalized rate by June 2020.

### 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 academic year RA/TA tuition remission rate is $17,272 ($8,636/semester) and the summer rate is $1,124. Once FY 2021 academic year tuition rates are approved, the FY 2021 remission rate will be determined and communicated as soon as possible thereafter. The new rates will become effective with the start of the fall semester.

### 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 budget for RA positions at a minimum of the TA stipend rate.

### 4.7 Student Wages

The minimum wage for ASU student employees will increase to $11.50/hour on Monday, June 29, 2020. ASU is making 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 will be first reflected on the July 17, 2020 paycheck.

There is no administrative requirement to increase wages for students earning $11.50/hour or above when the new minimum wage goes 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.
5. FY 2021 BUDGETING

5.1 All Funds Budgeting

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

- 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

Similar to the FY 2020 budget input process, the FY 2021 budget input process will use the FMS structure in Workday. The Budget Input Schedule in STAR uses the revenue and spend category hierarchies that are derived from the "Fiscal Year Operating Budget" budget structure.

OPB will enter centrally budgeted tuition revenues and units are responsible for budgeting all other program fees, class fees, student-initiated fees, and all other student fees. As a reminder, units should not budget summer session transfers as revenue; rather, summer session transfers are to be budgeted as transfers in.

In recent years, to facilitate senior leadership reporting, OPB has asked units to budget Utilities (SCH0113) and Capital(ized) Equipment (SCH0016) at the lower level. In addition to this continued effort, OPB requests that units separately budget 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 budget Other Operating at a high level, please use SCH0077 – Miscellaneous Expenses. If users would like to compare actuals to budget for Other Operating expenses at the spend category hierarchy level, budgeted amounts should be entered at the spend category hierarchy level in STAR. Amounts entered at the spend category hierarchy level in STAR will be loaded to FMS at the same level.

A few final reminders:

- Budget ASU Foundation gift revenues in revenue category RCH0028 - ASU Foundation Gifts.
- Budget 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 pulled into the Financial Input Schedule from the Salary Input Schedule.

5.3 Budgeting Allocations

The FY 2020 base expenditure authority will be the starting point for calculating the new FY 2021 base. The calculation will take into account known changes, including additions such as Provost planned allocations to meet enrollment goals, approved changes for continuing initiatives, new initiatives for FY 2021, reductions from the base for initiatives that have ended, and all other known changes.

Allocations for the following items will be handled as they were for FY 2020:

- F&A distributions
- Faculty start-up
- Summer sessions transfers

As a reminder, units should not budget summer session transfers as revenues in Summer Session or other fund FDH013 - Summer Session accounts. Rather, summer session transfers are to be budgeted as transfers in.

The following items will continue to be funded from centrally held resources:

- Tuition-based financial aid
- Central plant funds (major and minor capital project funding)

Colleges, schools and research centers will continue to receive facilities and administration (F&A) funding based on their sponsored project activity, as determined by Knowledge Enterprise.

Academic units will note on their Budget Allocation and Balancing Report separate tabs distinguishing General Fund Appropriation from Appropriated Tuition Funds. The workbook is designed to allow users to monitor their progress toward budgeting to each balancing figure for FY 2021.

5.4 Budgeting Commitments

Preliminary FY 2021 Planned Commitments Reports and FY 2021 Budget Allocation and Balancing Reports will be made available for review in the SFA folder in STAR by March 30. To ensure that the reports accurately reflect their understanding of all known incremental changes to FY 2020 base budgets, units are asked to review these reports in a timely manner.

Planned Commitments Reports will be updated as decisions are made and ultimately will serve as the formal record of all incremental allocations for FY 2021. Final FY 2021 Budget Allocation and Balancing Reports are scheduled to be available in the SFA folder in STAR on May 11.

Note that all President’s Strategic Initiative Funds (PSIF) that are not a permanent base addition to a budget will be treated as temporary, even if that funding is continuing from FY 2020 to FY 2021.
5.5 Budgeting Transfers

The process for budgeting transfers is designed to improve reporting capability and balancing of transfers as well as to achieve a single system of record for transfers. Units should use the FY 2021 Transfers Checker Report to confirm that centrally-allocated transfers match and balance. The Transfers Fund Match Checker is available to confirm that budgeted transfers meet fund transfer guidelines.

The FY 2021 local budget transfers in/out input process will remain unchanged from the prior year. The FY 2021 Transfers Checker Report allows users to confirm that budgeted transfers in and out match.

Once the FY 2021 budget is submitted, and before the FY 2021 budget is loaded to Workday, OPB will restate voluntary transfers (for centrally funded allocations) as revenue distributions. 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
- Differential 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. In the future, these new ref IDs will be used by units during the FY22 budget load process.

5.6 Budgeting Non-appropriated Tuition Funds

In FY 2020, two new funds were created within the non-appropriated tuition fund due to the immersion tuition and fee restructure; these were the Undergraduate College Fee (UCF) and the Graduate Student Support Fee (GSSF). Revenue from the UCF and the GSSF was budgeted centrally for FY 2020. For FY 2021, units should continue to budget a transfer in from central resources (OPB) to their UCF and GSSF programs. Assuming that ABOR approves the FY 2021 online undergraduate fee restructure, units should also budget transfers to UCF programs for online undergraduate students. All of these transfers in should tie to estimates that units will submit to OPB in April.

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
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.

5.7 Budgeting 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 will remap fees in PeopleSoft for fall 2020. This approach requires 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.

5.8 Establishing and Budgeting 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 budget 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:


5.9 Salary and ERE Budgeting

To prepare for salary budgeting, units should enter changes in PeopleSoft to update the information that will be reflected in STAR. 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 STAR Salary Budget Input Schedule is designed to calculate ERE. ERE is displayed for informational purposes on each line and also summarized at the top of the Salary Input Schedule. Total ERE by account is displayed on the Budget Input Schedule.

The detailed individual salary and ERE lines budgeted in the STAR salary model, including position and employee, will be loaded into FMS to allow for the production of the Budget Position Control Report.
5.10 FTE Positions Budgeting

While the budgeting process for FTE positions is unchanged, it will include continued emphasis on maintaining the personal services/FTE relationship. For Joint Legislative Budget Committee (JLBC) reporting purposes, an accurate budgeted FTE position count is critically important. All budgeted personal services should include associated FTE with two exceptions: student wages and Group Position SV99999 (Summary - Non ERE Supp. Pay Codes). The Salary Budget Input Schedule instructions, which are located within the Salary Budget Input Schedule, will contain more information relating to FTE budgeting for FY 2021.

5.11 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.”

5.12 FY 2021 Online Tuition and Fee Restructure

Similar to last year’s restructuring of immersion undergraduate student tuition and fees, the university has proposed to ABOR that online program fees, course fees, and the student technology fee will be moved to a four-tier college fee, charged to all undergraduate students.

Assuming that ABOR approves this request, similar to last year’s restructure, online undergraduate college fees will be allocated such that units will receive the same level of revenues in FY 2021 as they would have received if the restructure had not taken place.

5.13 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.

5.14 Merit Salary Program

At this time, units should plan for a merit salary program - similar to the most recent one - with salary increases effective January 1, 2021. Central university will provide funding to cover a portion of the minimum pool for general operating funds. Units should plan to cover the remainder of the minimum pool for general operating funds as well as the entire pool for local funds.

Final decisions and details on next year’s program will be communicated by the Office of Planning and Budget and by the Office of Human Resources in the fall.

5.15 Budgeting by Campus

Legislation passed during the 2017 session requires the university to report to the Joint Legislative Budget Committee, the Governor’s Office of Strategic Planning and Budgeting, the Speaker of the House of Representatives, and the President of the Senate any revenues or allocations made to each ASU campus. Consequently, the Budget Allocation and Balancing Report will continue to require units to balance general fund appropriations and appropriated tuition funds by campus.
If a unit wishes to reallocate general operating funds between campuses, a written request with appropriate financial information and justification can be prepared. **Requests from academic units should be submitted to Sheila Ainlay, Vice Provost for Academic Planning and Budget, and requests from VP units should be submitted to the assigned OPB liaison by April 15.** Justification should address how the reallocation of funds between campuses will improve reporting of financial information by campus. Approved requests will be reflected as planned commitments on the Budget Allocation and Balancing Report by May 11.

5.16 Budgeted Beginning Balances

The FY 2021 Budget Input Schedule is designed to retrieve 2021 Total Working Budget Beginning Balance from the FY 2020 Year End Forecast Ending Balance. As a starting point, forecasted ending balances for FY 2020 will be copied to budgeted beginning balances for FY 2021. To facilitate the process of updating forecasts in order to generate an updated 2021 Total Working Budget Beginning Balance, the Budget Input Workbook includes a separate Forecast Input Schedule tab. Guidelines and instructions for inputting forecast changes are posted on the [OPB website](#).

5.17 Negative Operating Margins and Deficit Budgets

Emphasis continues to be placed on monitoring and developing plans for addressing negative operating margins and deficit budgets. At the **budget unit** level, for instances in which FY 2021 budgeted expenses, including net transfers, exceed FY 2021 budgeted revenues, i.e., a negative operating margin, budget units will be asked to develop written plans for addressing deficits and/or drawdowns of fund balances. **Plans are to be submitted for approval to the Executive Vice President and University Provost (for academic units) or to the Executive Vice President, Treasurer, and Chief Financial Officer (for non-academic units) by May 29, the scheduled close of FY 2021 budget input.**

5.18 Budget Reports

The Office of Planning and Budget (OPB) makes available two reports, a Budget Variance Explanations Report and a Financial Plan Review Report, that are intended to help inform users of the thoroughness of their budget entry.

The Financial Plan Review Report displays a four year history of actual results, the current year original budget and the current forecast. For FY 2021, the Budget Variance Explanation Report compares FY 2021 Total Working Budget (the recently inputted budget) to FY 2020 Total Original Budget and to FY 2020 Total Year End Forecast. To access the Financial Plan Review Report, please contact your OPB liaison.

STAR users should utilize the Financial Plan Review Report to compare the actual line item results to the most recent forecast to validate the reasonableness of the FY 2021 budget. Doing so should either confirm that the budget line items are reasonable or identify line items that need further review.

The Budget Variance Explanation Report is used to explain reasons for changes in revenue and expense line items and to validate the FY 2021 budget input. Running the report and preparing variance explanations prior to the May 29 deadline for budget input will allow users the opportunity to make last minute changes to the budget entry if warranted. **Budget variance explanations for colleges/schools/VP areas are due to OPB by June 8.**
6. CONCLUSION

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

<table>
<thead>
<tr>
<th>OPB Liaison</th>
<th>Units</th>
</tr>
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<tbody>
<tr>
<td>Gregory Cleveland</td>
<td>Provost, Summer Sessions, Executive Administration</td>
</tr>
<tr>
<td>Robert Haight</td>
<td>Watts College, Sustainability, CISA, University College, EdPlus, Knowledge Enterprise</td>
</tr>
<tr>
<td>Carrie Taylor</td>
<td>Health Solutions, Nursing, New College, University Libraries, Business &amp; Finance</td>
</tr>
<tr>
<td>Hilary van der Stroom</td>
<td>Graduate College, Global Management, Enrollment Services, UTO, EOSS</td>
</tr>
<tr>
<td>Alison Siller</td>
<td>HIDA, Engineering, Honors College, Journalism, Teachers College</td>
</tr>
<tr>
<td>Jim Sliwicki</td>
<td>Sun Devil Athletics, Cultural Affairs, Enterprise Marketing Hub, Enterprise Partners</td>
</tr>
<tr>
<td>Larry Pierson</td>
<td>Law, Business, The College, Future of Innovation</td>
</tr>
</tbody>
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7. APPENDIX

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Ref ID</th>
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<tr>
<td>Immersion Tuition Revenue Distribution</td>
<td>RC1187</td>
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<td>Differential Tuition Revenue Distribution</td>
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<td>Program Fee Revenue Distribution</td>
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<td>Undergraduate College Fee Revenue Distribution</td>
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<td>Graduate College Fee Revenue Distribution</td>
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<td>Facilities and Administration Revenue Distribution</td>
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<tr>
<td>ASC Revenue Distribution</td>
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