

FY 2017 INCOME EXPENSE PARAMETERS

SALARIES

Faculty UA salary increase	4.00%
Non-Represented Staff - Individuals earning less than \$49,999	1% + 1.50% merit-based pool
Non-Represented Staff - Individuals earning between \$50,000 and \$99,999	1% + 1.25% merit-based pool
Non-Represented Staff - Individuals earning \$100,000 or more	1% + 1.00% merit-based pool
<i>Any changes to this will be relayed at a later date along with appropriate guidelines</i>	

WAGES

The Vermont State minimum wage is \$9.60 per hour as of 1/1/2016.	Minimum	\$9.60
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BENEFITS

UVM Regular Rate	E5991	43.1%
UVM Medical Group	E5996	22.5%
UVM Civil Service	E5992	35.1%
Grad Students (accounts 55010, 55020, 55030 only)	E5998	10.4%
Taxable Students (account 55212 only)	E5995	8.1%
Temporary wage employees	E5994	5.6%

GENERAL FUND OPERATING AND EQUIPMENT BASE BUDGET INCREASE

0.0%

UNIVERSITY INSURANCE

General Institutional Insurance	(E6101)	2%
General Liability	(E6102)	2%
CBP Bldg/Contents Insurance	(E6103)	2%
Umbrella Excess	(E6105)	2%
Vehicle Insurance	(E6106)	1%

Contact Mary Dewey for additional information

TELEPHONE INCREASE

Port Rate for Administration	\$49.84
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POSTAGE INCREASE

First Class (based on USPS request)	0.47
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Contact Print & Mail Center for changes to rates on other classes of mail

UTILITIES INCREASE

Because projected costs may vary, those who need to budget for these categories should contact Physical Plant.

MILEAGE REIMBURSEMENT

Mileage reimbursement - \$0.54 per mile effective 1/1/2016	0.54
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COMMON REVENUE AND EXPENSE ACCOUNTS

E4649 Prior Year Carry Forward – <i>Use of net assets</i>	E8090 Central IE Reimbursement – <i>Indirect from CCs</i>
E4870 Subsidy – <i>Contribution from non-IE source</i>	E8095 RC Indirect Reimbursement – <i>Indirect from RCs</i>
E4890 Central IE Support FAB Only	E8100 Equipment Transfer – <i>Use for equip depreciation</i>
E4895 RC Indirect Recovery – <i>budget in F100 only</i>	E8649 Addition to Fund Balance – <i>Contribution to net assets</i>

DUE DATES

April 29: **Rate calculations and equipment depreciation schedule:** submitted via excel workbooks (demonstrating the use of formulas in the spreadsheet) thereby allowing approval prior to submitting the budget through EPM. *Note starting this year, non-grant activities charging less than \$100k do not need to submit rate calculations.*

May 27: **Certification:** Submit template signed by business manager saying rates and MOU's have been reviewed. If a new MOU's is required please submit.

May 27: **Line Item Budget:** submitted in EPM.

BUDGET BUILDING GUIDELINES FOR INCOME/EXPENSE ACTIVITIES

Rate Calculations

Only those income/expense activities *that charge grants or have annual budgets greater than \$100k* must submit a rate calculation electronically (Excel with formulas included) to FAB no later than Friday, April 29th.

Activity managers are encouraged to submit rate calculations as soon as complete. This will allow time for review, addressing issues, and approval prior to submitting the activity's FY 2017 budget through EPM.

Certification

All finance managers with Income/Expense activities must sign and return the *Certification* attesting to accuracy of the existing MOU and rate calculation.

Line Item Budgeting

Each income/expense activity must budget projected annual revenue equal to projected annual expenses in EPM. Budget in whole dollars only--**no cents**.

Revenue Function Codes

Auxiliaries (103) Used when recording revenues generated in connection with the University's auxiliary enterprises, including Res Life, etc.

Sales & Services of Educational Activities (107) Used for revenue associated with Sales and Service of educational activities. Examples include revenue generated through sponsorship of conferences, sales of Conference & Event services, etc.

Other Revenue (109) Used when recording all operating revenue not identified as tuition and fees, auxiliary, government grants and contracts, athletics fees, or sales and service.

Revenue Account Codes

General University I/E Support (E4890) – A portion of the revenue generated may be budgeted as a subsidy *from a specific General University budget*, not by the Dept/Dean/VP level. If you have been notified that a portion of your activity revenue will be subsidized in this fashion, the agreed upon amount is to be budgeted in this account..

Unit/Department Support (E4870) – A portion of the revenue generated may be budgeted as a subsidy *from a specific unit*.

Use of Prior Year Fund Balance (E4649) – If a positive fund balance from the prior year(s) exists, one may budget a portion of the balance as a source of revenue thus reducing the amount charged to users or subsidy required.

Expense Account Codes

Salaries and Wages (Multiple) - Budget and charge to the appropriate E-level.

Benefits on salaries/wages (Multiple) - UVM Regular (5991); UVM Medical (E5996); UVM Civil Service (E5992); Grad Students (E5998); Taxable Students (E5995); Temp (E5994)

Operating (Multiple) - Budget and charge to the appropriate E-level.

Equipment Cost Transfer (E8100) – Budget using this e-level for transfers to an equipment reserve. An equipment schedule must be included with the budget materials submitted with the rate calculation. Transfers are processed using the 81900.

Cost Center Indirect (E8090) –*For non-Responsibility Centers*. Budget the indirect (4%, 20%, space) using this e-level.

Responsibility Center Indirect (8095) – *For Responsibility Centers*. Budget the indirect (4%, 20%, space) using this e-level. External activities within RC's may elect to charge an indirect greater than the 20% minimum at this e-level.

Addition to Fund Balance (E8649) – To add to your net asset, utilize this E-level. Adding to a net asset should be done if the net asset is currently negative or if the reserve needs to be built up to 60 days.

Expense Source Values

Equipment (139xx or 149xxx) - Equipment purchases are made using the activity's reserve chartstring using a source value of 139xxx or 149xxx. **The last three digits are the same as the activity's operation source value.** Note this source value indicates reserve. The purchase will occur to this source value and the cost will be amortized over the useful life of the equipment. Equipment cost is recognized each year as an expense in the rate calculation equal to a portion of the useful life and acts as a payback against the negative fund balance in the chartstring.

FREQUENTLY ASKED QUESTIONS ABOUT INCOME / EXPENSE GUIDELINES

What's the difference between a rate and an activity?

An *activity* has a unique source value and fund balance. Rules about indirect levels and fund balance accumulation occur at the activity level. It is categorized as either internal, external or grant-charging based upon its' predominate customer base. An activity has one indirect based on its categorization: 4%, 20% or "space" for internal, external and grant-charging activities respectively.

A *rate* is what an activity wishes to charge its customers. An activity may have multiple rates.

What's the difference between a surplus and a positive fund balance?

There is a distinct difference. Surplus refers to revenue being greater than expenses *solely at the rate level*. A positive fund balance occurs when revenues in excess of expenses accumulate at the activity level.

Is it true that billing rates can be developed in I/E activities to recognize a surplus?

Internal Rates – No, the net revenue/expense must equal \$0.

Grant Charging Rates – No, the net revenue/expense must equal \$0.

External Rates – Yes, it is now allowable for external rates to have the revenue/expense netting >\$0. Since every activity budget must net \$0 this is done by budgeting the surplus in E8649 Addition to Fund Balance. Be aware that Unrelated Business Income Tax (UBIT) may be applicable.

Can I have an external rate for my internal activity?

Yes. Note that if the majority of your customers become external or a substantial fund balance is accumulated the classification of this activity, and therefore its indirect, may change.

Can I have an external rate for my grant-charging activity?

No. However, a grant-charging activity that wishes to charge external clients a higher external rate may do so by creating an associated external activity. [Please see below for more details.](#)

Is there a limit to the fund balance allowed? How can the fund balance be used? When? Who can use it?

All income/expense activities (internal, external, grant) are allowed to maintain a fund balance of 60 days.

Any **external** activity fund balance exceeding 60 days of operating can be accessed for spending. Use of the fund balance above the 60-day reserve is determined at the Dean/VP level. Activity directors should work with their Dean/VP to develop plans for use. All use must be compliant with University Policies & Procedures. FAB can assist the Dean/VP business office in journaling the allowable fund balance to the appropriate spending chartstring. Spending will not take place within the income/expense activity chartstring.

If I have an external rate with a planned surplus does my budget in EPM still need to net \$0?

Yes, your activity budget will still be entered in EPM to net \$0. You will recognize the planned surplus by budgeting the amount in E8649 Addition to Fund Balance.

Will Responsibility Center (RC) activities still be charged indirect? If so, won't they be getting double charged?

Yes, RC activities will still be expected to budget and be charged the minimum University indirect (*indirect charged to Cost Centers (CCs) – i.e. 4%, 20% or space charge*).

However, RCs will not be double charged because instead of reimbursing General University, the indirect will now be routed to reimburse the RC, at the Dean's office level. This happens via FAB directed monthly journal allocations in PeopleSoft. RC activities will utilize E-level **E8095 Responsibility Center Reimbursement** during EPM budget building, instead of E8090 General University Reimbursement. This E-level is the mechanism FAB knows to direct these funds to the Dean's office.

Can a Responsibility Center elect to charge indirect greater than the University minimum?

Yes, only for external activities. An activity charged greater than the minimum will budget the entire indirect reimbursement in E8095.

Space and internal activities must stay at the University mandated minimum of 4% or space.

Can a Cost Center elect to charge indirect greater than the University minimum?

No.

Can any activity (RC or CC) elect to charge less than the University minimum?

No. However, RC or CC may choose to subsidize the activity via use of account E4870 (Unit/Dept Support)

FREQUENTLY ASKED QUESTIONS ABOUT INCOME / EXPENSE GUIDELINES (cont'd)

Are there new e-levels for FY17?

E5701 Other Comp Med Ben Rate (replaces E5700)

E5702 Other Comp PT Ben Rate (replaces E5700)

E5703 Other Comp No Ben Rate – Use for Cell Phone Stipends (replaces E5700)

We have a grant charging activity – Can a secondary (and higher) rate be charged to external clients for the purposes of building a surplus? Will this rate be allowed to generate additional revenue (surplus)?

No. However, an addendum can be added to the existing grant-charging activity's MOU, creating a new activity with an external rate. This creates an external rate associated with the grant-charging activity. This secondary rate is only used for non-grant clients.

All secondary rate transactions (budget, actuals, fund bal) must be recorded in PeopleSoft separately from the grant charging rate.

In order to develop a higher rate for the external activity the following will happen:

1. The activity will submit a detailed external rate calculation along with its' standard grant-charging rate calculation and budget submission to FAB.
 - a. The rate must be fully burdened (i.e. don't forget personnel effort, etc.).
 - b. Space cost is applicable and will be pro-rated by the percentage of activity charged the external rate.
 - i. For example: If an activity has a space cost of \$1,000 and 90% of the revenue is billed to grants and 10% is billed to external clients → \$900 of the space cost is budgeted and factored within the grant-charging rate calculation; \$100 is budgeted as space cost and part of the external rate calculation.
2. A new unique source code value establishing a new associated external activity will be created to budget and track actuals and fund balance related to the external rate.
 - a. FAB will work with UFS to obtain the new source values
 - i. The source value will be requested once the new rate calculation is approved; FAB will then communicate the new source value so it can be entered into EPM.
 - ii. Don't forget that a new source code value means a new chartstring. It will be important to remember to change combo codes, obtain a second purcard (if applicable), etc. There can be several initial steps related to new chartstrings that will need to happen in advance in order to keep the transactions clean and separate from the grant rate transactions.
 - iii. It is necessary to have a new unique source code value because the closing rules in PeopleSoft roll the year-end balances of all chartfield values to the source level. Only a new source code value can keep the fund balance of the external rate separate from the fund balance of the grant rate.
3. A new Addendum to the existing MOU must be submitted.
 - a. If the nature of the activity has changed – or there is a new branch of the activity not included in the original MOU, then a new/revised MOU will need to be submitted.

Is the UVM Medical Center considered an external client? Yes, it is.

Why is my activity charged the actual building cost per/sqft on my space target? What about the \$/sqft I've heard about?

Responsibility Centers are charged \$32.94/sqft (FY16 rate) as part of IBB Algorithm 6. This is part of their overhead.

The \$32.94/ sqft does not apply to Cost Centers or to grant-charging income/expense.

Grant-charging activities – *even those residing within a Responsibility Center* – will continue to pay the actual cost per square foot to comply with federal guidelines. The Responsibility Center may subsidize the space cost to the activity.