

Budgeting & Accounting Practices at UMass Amherst

Lynn McKenna, Budget Office

Jack Brown, Budget Office

Types of Budgets

Ledger Types

APPROP

Appropriation Budgets

- Expenditure Control Budget – can't spend more than budget
 - Transactions stopped *except* for Payroll and Recharges; some funds have other exceptions-for example RTF%
- Two Types
 - Budget Driven Appropriation – Estimated budget for full year input – most RBBs
 - Associated Revenue – Budget is the revenue brought in to date + any previous year-end balance, for example RTF% & Gift

ORG

Organization Budgets

- Expenditure Tracking Budget
- Allows spending even when in deficit
- All Gen Ops budgets are ORG budgets
- Most Revenue Operations have an Org budget

PROJ_GRT

Project Grant Budgets

- Use a Project Year rather than Fiscal Year
- Used for facilities projects, some Revenue Operations
- Set up at account level needed
- Account loaded for those expenditures allowed

REVEST

Revenue Estimate Budget

- Allows revenue to post only where the campus decides is appropriate
- Can be used to track revenue against a total year estimate
- Will NOT stop transactions if over budget

Where Budgets are Loaded

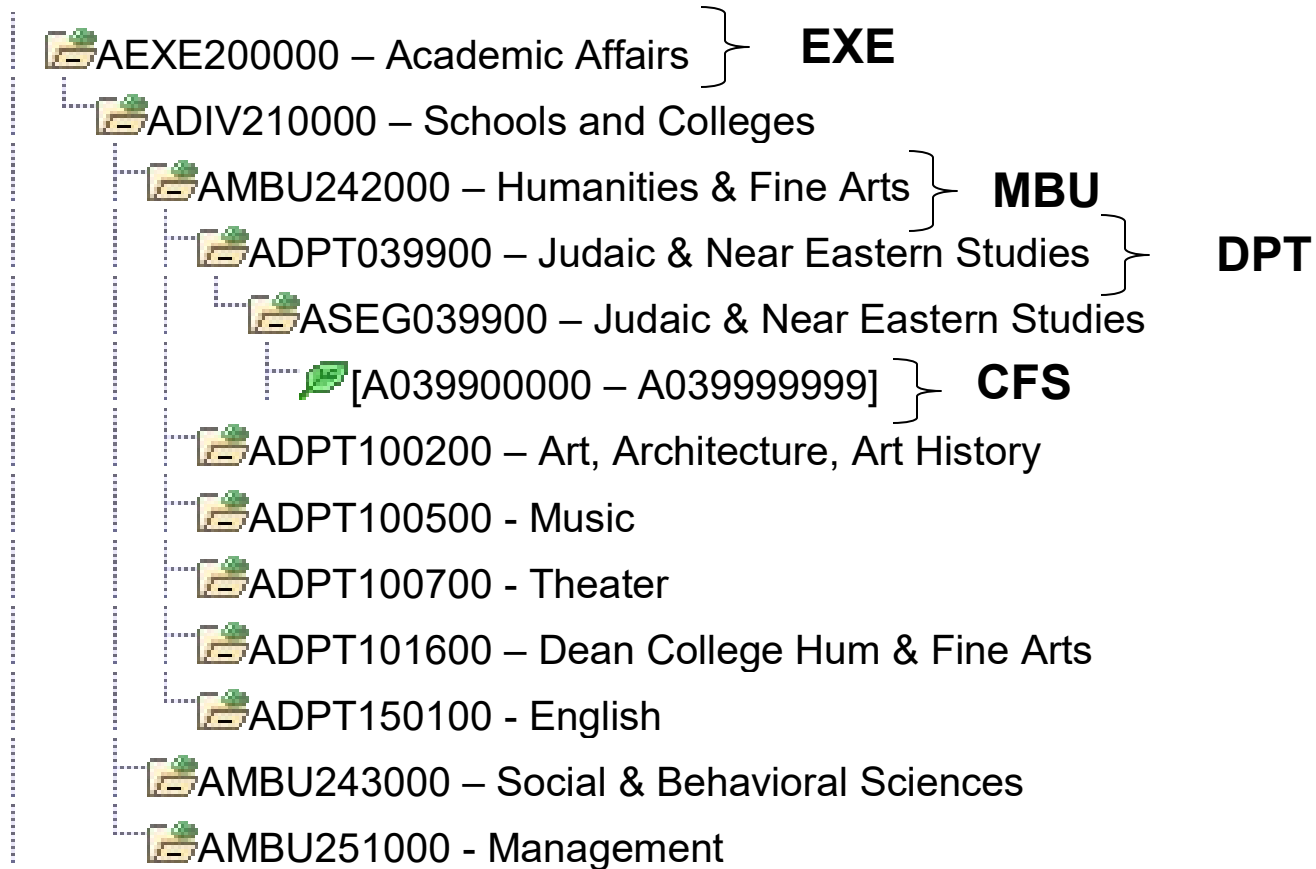
Where Is My Budget

Associated Revenue	FY2017 Fund	Fund Description	Budget Ledger Type	Budget Dept.	Account Tree	Account Level
No	51008	Auxiliary Enterprise	APPROP	MBU	BDXLATE_ACCOUNT_A1	LEVEL_2
No	51008	Auxiliary Enterprise	ORG	DPT	BDXLATE_ACCOUNT_A1	LEVEL_5
No	51008	Auxiliary Enterprise	PROJ_GRT	CFS	BDXLATE_ACCOUNT_A1	LEVEL_2
No	51008	Auxiliary Enterprise	REVEST	DPT	BDXLATE_ACCOUNT_A1	LEVEL_3
No	51089	Domestic Exchange	APPROP	DPT	BDXLATE_ACCOUNT_A1	LEVEL_2
No	51089	Domestic Exchange	ORG	CFS	BDXLATE_ACCOUNT_A1	LEVEL_3
No	51089	Domestic Exchange	REVEST	DPT	BDXLATE_ACCOUNT_A1	LEVEL_3
Yes	51128	Library Fund	APPROP	MBU	BDXLATE_ACCOUNT_A1	LEVEL_2
Yes	51128	Library Fund	REVEST	CFS	BDXLATE_ACCOUNT_A1	LEVEL_3
No	51342	General Operating Funds	ORG	CFS	BDXLATE_ACCOUNT_A1	LEVEL_5
No	51342	General Operating Funds	REVEST	CFS	BDXLATE_ACCOUNT_A1	LEVEL_2
No	51369	GOF_2	ORG	CFS	BDXLATE_ACCOUNT_A1	LEVEL_5
No	51369	GOF_2	REVEST	CFS	BDXLATE_ACCOUNT_A1	LEVEL_2
No	53104	Federal Direct G&C Level 4	SPONS_CAT (w /Proj_Grt)	CFS	GM_ACCT_BUDGETS	LEVEL_4
No	53105	Federal Direct G&C Level 5	SPONS_CAT (w /Proj_Grt)	CFS	GM_ACCT_BUDGETS	LEVEL_5
No	53106	Federal Direct G&C Level 6	SPONS_CAT (w /Proj_Grt)	CFS	GM_ACCT_BUDGETS	LEVEL_6
Yes	53500	Private Gift	APPROP	CFS	BDXLATE_ACCOUNT_A1	LEVEL_2
Yes	53500	Private Gift	PROJ_GRT	CFS	BDXLATE_ACCOUNT_A1	LEVEL_2
Yes	53500	Private Gift	REVEST	CFS	BDXLATE_ACCOUNT_A1	LEVEL_2

Expenditure Budget Account Levels in BDXLATE_A1

Level 2	Level 3	Level 4	Level 5	Level 6	Transaction Accounts		
700899 All Expenses	700891 Direct Expenses	700823 Payroll	700821 AA Employee Compensation	700801 AA Employee Compen	710000 -725999		
				700829 Fringe Benefits	700858 CC Special Employee / Contract Serv	700803 CC Special Employee / Contract Srvc	728000 - 731999, 756000-756999, 760010-760079, 760081-760179, 760190-760209, 760220-760619
					700822 DD Benefits	700804 DD Pension & Insurance	732000 - 733999
		700830 Other Non-Personnel	700872 Non-Payroll	700824 RR - PR Entitlement Programs - Payro	700407 R22 Health Insurance Prgms	786220, 786225	
					700802 BB Employee Related Exp	726000 - 727999	
					700805 EE Administrative Expenses	734000 - 734609, 734611 - 734790, 734900 - 738999	
				700806 FF Facility Operational Expenses	739000 - 741011, 741013 - 741199, 744201 - 741969, 741971 - 741979, 741981 - 744200, 7444320, 744330, 744800 - 753999		
					700807 GG Energy & Space Rental Expenses	754000 - 754899, 755000 - 755599	
				700808 HH Consultant Services	757000 - 757029, 757031 - 757036, 757038 - 757049, 757060 - 758999, 761120 - 761129		
					700810 JJ Operational Services	757050 - 757059, 761000 - 761079, 761081 - 761089, 761100 - 761119, 761130 - 761179, 761190 - 761209, 761220 - 761389, 761400 - 761429, 761440 - 761449, 761451 - 761599, 761710 - 762999	
				700812 KK Equipment Purchases		741970, 763000-763099, 763200-764699, 764900-765999	
				700813 LL Equipment Lease & Maintenance	766000 - 766099, 766200 - 766879, 766900 - 767099, 767200 - 767879, 767900 - 768099, 768200 - 768879, 768900 - 768999		
					700814 MM Purchased Client Services	769000 - 769009, 769011 - 769019, 769021 - 769029, 769031 - 770999	
				700815 NN Infrastructure & Land	744200 - 744319, 744321 - 744329, 744331 - 744699, 744700 - 744799, 754900 - 754999, 760180 - 760189, 760210 - 760219, 761090 - 761099, 761180 - 761189, 761210 - 761219, 761390 - 761399, 761430 - 761439, 761600 - 761709, 764700 - 764899, 766880 - 766899, 767880 - 767899, 768880 - 768899, 772000 - 773999		
					700817 RR Entitlement Programs	778200, 786000 - 786219, 786221 - 786224, and 786226 - 789999	
700828 Indirect	734610, 734791 - 734899, 741980, 757030, 757037, 760080, 761080, 761450, 763100 - 763199, 766100 - 766199, 767100 - 767199, 768100 - 768199						
	700844 UU Information Technology	766199, 767100 - 767199, 768100 - 768199					
700902 Fund Deductions	500000 - 599999, 777800, 769010, 769020, 769030, 790000 - 7996999 and 797100- 799499						
700892 Indirect & Other	700873 Indirect & Overhead	700855 Overhead Charges	700828 Indirect				
700R03 BBA Realign Level 3	700R04 BBA Realign Level 4	700R05 BBA Realign Level 5	700R06 BBA Realign Level 6				
700B03 BBA Level 3	700B04 BBA Level 4	700B05 BBA Level 5	700B06 BBA Level 6				
700521 Contingencies plus Reserves	700523 Contingencies / Reserves	700527 Contingencies & Reserves	700525 Contingencies and Reserves	799500 - 799999			

Department Tree: BDXLATE_DEPTID



How Budgets are Loaded?

General Operations Budgets

Gen Ops Budgets

- All are **ORG** Budgets
 - Tracking Budgets –
 - Budget is a Reference Point
 - Transactions will pass Budget Check even if Budget is in Deficit
 - Must have initial Zero Budget loaded in each Chartfield String for transactions to post

Budget Class Types

- **ORIG:** Original **BASE** Budget Load
 - Load previous fiscal year ending base budget
 - Load zero budgets to activate new CFS
- **BASE:** Additional **BASE** budgets loaded during the fiscal year
- **NON_BASE:** Budgets loaded for one-time events
- **QUASI:** *Non-Base* budgets that will be loaded for an agreed upon number of years

Gen Ops

Original Base Budget Loads

- We operate on an Incremental Budget basis
- Base Budgets by MBU for the new fiscal year are loaded as they stand on 6/30
- EFOs/MBU Business Managers can then distribute the base budgets at the level they desire
- These are loaded as ORIG budgets
- Budgets loaded by the end of July

Prior Year-End Balances

- Both GOF and GOF2 Funds
 - Budget Office calculates Balance ***for each chartfield string*** at year end
 - Budget Office loads BBA (Balance Brought Ahead) by CFS to account 700B05 by August 15th
- Individual School/College/Executive Areas may have their own rules regarding retention of balances by departments

Additional Base & Non-Base Items

- Department needs should be addressed through your Dean/VC
 - Much of this process is handled through the initial budget planning process
 - Deans/Vice Chancellor may have resources to fund some requests
 - Requests not funded by Dean/VC will be vetted by each area, prioritized, and some will become strategic funding asks. These are vetted through the campus planning process
 - Off-cycle requests should flow through your Dean/VC as well and will come to the Budget Office as necessary

Budgets Between Departments

- The Decentral Budget Transfers screen in PeopleSoft can be used for changes/allocations within and between departments
- Must have budget available to move
- Can transfer budget **to** any department on campus
- Can only transfer budget **from** your departments
- Budget Office can help with allocations if needed

Where to see Budgets?

- Public Queries in PeopleSoft
- PeopleSoft
 - Journal Entries
 - Budgets Overview
- PeopleSoft Monthly Reports
- Budget Reports in Summit

How Budgets are Loaded?

Revenue Operations Budgets

Revenue Operations Budgets

- All Revenue Operations (RBBS) have
 - an Appropriation Budget and
 - a Revenue Estimate Budget
- Most have Organization Budgets
- Some have Project_Grant Budgets
- A few have all Budget Types!

Expenditure Budgets

- Approp, Org and Proj_Grant Budgets are all expenditure budgets
- Approp and Org budgets can be linked so that the Org budget expenditures draw down both the Approp and the Org budget
- Proj_Grant budgets draw down Org budgets
- The linking is called Parent / Child
- Most RBBS have Parent / Child Budgets

Hierarchy of Expenditure Budgets

- If budgets are linked then the Parent Budget must be at a higher level on the Department Tree & the Account Tree than the Child Budget

Department Tree

AEXE400000 – Administration and Finance

ADIV400000 – Administration and Finance

AMBU404000 – Physical Plant

ADPT838000 – Building Maintenance

ASEG844500 – Support Shops

A832000000 – PP Project Shop

- If the Org (Child) Budget is at A832000000 then the Approp (Parent) budget must be at ASEG or ADPT or AMBU or ADIV or AEXE
- We budget all RBB Approp budgets at the All Expense Budget Account (700899)

Why do RBBs have both Approp & Org budgets?

- Why Approp?

- Provides control by the financial system
- Control lessens the risk of overspending approved budget
- Overspending could result in cash deficit
 - Cash deficits violate BOT policy
 - Cash deficits violate the intent of the state law
 - Cash deficits reduce the amount of interest earned by the campus
- Provides a quick summary for RBBs with multiple CFSs

- Why Org?

- Provides flexibility especially for RBBs with multiple CFSs
- Allows fund manager to use the Org Budget as a management tool

Revenue Operation Budgets

Starts with budget submission from the department

- Revenue and Expenditure Plans submitted in UM Plan (generally due at the end of February)
- Forms listing all fees and rates uploaded to One Drive. Justification for increases to fees/rates is required.
- Annual Review of Statement of Trust – establishes the Purpose of the Revenue Operation and the Activities that will Occur
- Statement of Trust lists the budget translation levels for Department and Account – these can be changed annually if needed

After Budget is Approved

- Make changes to the PeopleSoft system if the Revenue Operation fund manager changed the translation levels (department/account)
- Budget Office works with Budget Managers if budget needs to be loaded at the CFS level.

Now We Are Ready to Post RBB Budgets!

- Budgets are posted before the new FY begins
- Post Appropriation Budgets
 - *Total expenditures approved for the fund*
- Post Organization Budgets
 - *Dollar amounts or Zero as submitted by RBB mgr*
 - *Total Org Budgets = Approp Budget*
- Post Project_Grant Budgets
 - *Zero only*
- Post Revenue Estimate Budgets

Changing an RBB Budget During the Fiscal Year

- Fund managers can use the People Soft Decentral Budget Transfer page to realign RBB Org budgets within a fund
- Fund Managers can submit a request to the Budget Office to increase the Approp budget thereby increasing the total Spending Authority
Request is analyzed to determine if there is a reasonable expectation that the increase can be funded (more revenue or a significant carryover balance).

Associated Revenue Budgets

- Some RBBs and other funds such as RTF% and Gifts have Associated Revenue Budgets
- Associated Revenue Budgets
 - Are budgeted at the CFS
 - Have an Approp budget equal to the Ending Fund Balance (EFB) for the previous Fiscal Year
 - Have a zero or greater Revenue Estimate budget
 - Spending is controlled and limited to the sum of the Approp budget and the fiscal year revenue posted to date less expenditures and encumbrances (called Spending Authority); the campus may allow exceptions to the control limit

Posting Budgets for Associated Revenue Budgets

- Each Fiscal Year each Associated Revenue CFS is entered on a PS panel (over 8,000 in FY2024)
- Before the FY begins we post a “temporary” Approp budget & a zero Revenue Estimate budget so that the department can begin to spend on July 1
- After the previous fiscal year has closed (around mid-July) the Budget Office determines the EFB at year end for each Associated Revenue CFS
 - We post an Approp budget equal to the exact amount of the EFB (positive or negative)
 - We post a reversal of the “temporary” budget

Where to see Budgets?

- Public Queries
- PeopleSoft
 - Journal
 - Budgets Overview
- Monthly Reports
- Your copy of the approved budget forms

Fringe

Campus Fringe Benefits Charge

- Charged to All Funds
- Charged to all AA Earnings Codes & Non-Student CC (including summer appointments)
- Charged to CFS where Payroll Posts

	General Funds	All Other Funds	Account
Worker's Comp	0.14%	0.14%	732900
Blended Rate UI, UHI, MTX, PFML	2.11%	2.11%	732320
Sick Leave Bank	-	0.52%	732360
<i>Total Rate</i>	<i>2.25%</i>	<i>2.77%</i>	

Fringe Benefits Charge

Group Insurance, Retirement, Terminal Leave

- Charged to All Funds except GOF2
- Charged to the following Earnings Codes
 - A01 Regular Salaries
 - A07 Shift Differential
- Charged to CFS where Payroll Posts

	Rate	Account
Group Insurance	24.93%	
Retirement	16.69%	
Terminal Leave	1.58%	
<i>Total Rate</i>	<i>43.20%</i>	732300

Health & Welfare Charge

- Charged to All Funds except GOF2
- Charged per FTE
- Charged to GEO Members
- Charged to CFS where Payroll Posts
- Budget from Central to cover GOF Charges

	Rate	Account
Unit (all but GEO)	\$16.50/week	732200
GEO	\$17.00/week	
Non-Unit	\$16.50/week	732200

GEO Health Charge

- Charged to All Funds
- Fringe rate applied to salary dollars
- Charged to GEO Members
- Charged to CFS where Payroll Posts

	Rate	Account
Applied to Salary \$s	16.82%	786220 or 786225

Fringe Example

End Date	Acct Code	Account	Dept	Fund	ID	Name	Amount	Component	Rate
Revenue Operation Salary									
10/7/2023	A128608	711000	A052120000	51086	100xxxxx	Last, First	2,134.62	Salary	
10/7/2023	A128608	732200	A052120000	51086	100xxxxx	Last, First	33.00	Health & Welfare	\$16.50/week
10/7/2023	A128608	732300	A052120000	51086	100xxxxx	Last, First	922.16	Fringe Benefits	43.20%
10/7/2023	A128608	732320	A052120000	51086	100xxxxx	Last, First	45.04	Blended Rate	2.11%
10/7/2023	A128608	732360	A052120000	51086	100xxxxx	Last, First	11.10	Sick Leave Bank	0.52%
10/7/2023	A128608	732900	A052120000	51086	100xxxxx	Last, First	2.99	Workers Comp	0.14%
GOF2 Salary									
10/7/2023	A179853	711000	A052100999	51369	100xxxxx	Last, First	1,923.08	Salary	
10/7/2023	A179853	732320	A052100999	51369	100xxxxx	Last, First	40.58	Blended Rate	2.11%
10/7/2023	A179853	732900	A052100999	51369	100xxxxx	Last, First	2.69	Workers Comp	0.14%

Managing Multiple Funds

Gen Ops Funds

- GOF2 for AA Salaries ONLY. Lower fringe rate (2.25%) for salaries on GOF2
- GOF used for student payroll (includes GEO) and non-payroll. AA payroll on GOF would be charged the higher fringe rate (45.97%)
- Trading allowed anytime between GOF and GOF2
- Expectation that you will properly manage your budget – Hands off approach
- General Funds balances by Dept ID reviewed at year-end
- Expectation that you will NOT be in deficit

Revenue Operations & Restricted Funds

- Must operate within the approved budget or spending authority
- Fund Balances roll over at year-end
- Salaries charged higher fringe rate (state does NOT pick up a portion)
- Expectation that you will properly manage your budget – Hands off approach
- Deficits are reviewed mid-year and at year-end
- Expectation that you will NOT be in deficit