MEMORANDUM

TO: Divisional and College Business Officers

FROM: Robert A. Platky
Director of Budget & Fiscal Analysis

DATE: April 25, 2013

SUBJECT: FY 2014 Working Budget

While we have not yet received final guidance from the University System of Maryland (USM) regarding the FY 2014 working budget or salary guidelines, we are opening up the working budget system to the divisional and college business officers as per the schedule this morning. We are doing this to allow you as much time as possible to set salaries using our preliminary guidelines, as well as to enter the changes you already know, such as funding changes on salaries or updating position or operational budgets. We will issue further instructions as guidance is received, but we intend to adhere to the attached schedule.

We currently plan to open the Budget Preparation and Maintenance System (BPM) to departments on Wednesday, May 1. Please let us know if you prefer we open BPM to your departments on another date.

Although we do not have complete and final guidance yet, we have attached preliminary instructions for your use. These instructions may be found at the Budget and Fiscal Analysis (BFA) web site under Working Budget Instructions at:

http://otcads.umd.edu/bfa/instructionsworkbudg.html

Please refer to the Experienced or New User Manuals for a review of working in BPM; both manuals are available at:

http://otcads.umd.edu/bfa/bpmsystem.html

Should you have any questions, please contact us on extension 5-5627. Questions related to the BPM System should be directed to Susan Boblitz at extension 5-5638 or sboblitz@umd.edu or Theresa Beck at extension 5-5636 or tbeck@umd.edu.

Enclosures

H:\BUDGETS\Working Budget\FY14WB\Instructions\FY 2014 WB_instructions_Preliminary for April 25.docx
# University of Maryland

**FY 2014 Working Budget Instructions**

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*• Attachments*
- A - *Salary Guidelines (PENDING)*
- B - Stipend Levels for Graduate Assistants and Fellows for FY 2014
- C - Probation Rules for Regular Status Non-Exempt Employees
- D - Non-Exempts – Probation Scheduled to End Between April 20th and June 30th
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- F - State-Supported Tracking Sheet
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- H - SVPAAP Allocations
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- J - Non-Exempts – Probation Scheduled to End after June 30th
- K - Approval Form for Proposed FY2014 Salary Increases
### FY 2014 WORKING BUDGET SCHEDULE

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Time</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday</td>
<td>April 8</td>
<td></td>
<td>State of Maryland Legislative Session closes.</td>
</tr>
<tr>
<td>Tues–Friday</td>
<td>April 16-19</td>
<td></td>
<td>BPM System Training</td>
</tr>
<tr>
<td>Tuesday</td>
<td>April 16</td>
<td></td>
<td>Last day to request new accounts or account modifications in order to be processed for the freeze data for BPM WB</td>
</tr>
<tr>
<td>Thursday</td>
<td>April 18</td>
<td>3:00 p.m.</td>
<td>University Administration finalizes working budget allocations.</td>
</tr>
<tr>
<td>Thursday</td>
<td>April 18</td>
<td></td>
<td>Last day to process ELF Budget Adjustments prior to freeze of BPM data for working budget.</td>
</tr>
<tr>
<td>Friday</td>
<td>April 19</td>
<td>5:00 p.m.</td>
<td>Last day for approved updates to PHR prior to freeze of data for BPM working budget. Future dated appointment changes effective on or before June 30 for 12-month employees, and effective on or before Pay Period 04 (beginning August 11) for academic year faculty will be included in the FY 14 working budget system.</td>
</tr>
<tr>
<td>Thursday</td>
<td>April 25</td>
<td>9:00 a.m.</td>
<td>BFA distributes working budget instructions to divisions and colleges for salary setting and budget allocations. BPM open to divisions and colleges.</td>
</tr>
<tr>
<td>Wednesday</td>
<td>May 1</td>
<td>9:00 a.m.</td>
<td>BPM system opened to departmental users.*</td>
</tr>
<tr>
<td>Friday</td>
<td>May 10</td>
<td>5:00 p.m.</td>
<td>BPM system closed to departmental users.*</td>
</tr>
<tr>
<td>Friday</td>
<td>May 17</td>
<td>5:00 p.m.</td>
<td>BPM system closed to divisions and colleges. Tracking control sheets due to BFA.</td>
</tr>
<tr>
<td>Thursday</td>
<td>May 23</td>
<td>5:00 p.m.</td>
<td>BFA releases funding data for payroll conversion.</td>
</tr>
<tr>
<td>Tuesday</td>
<td>June 4</td>
<td>5:00 p.m.</td>
<td>Files submitted from BPM to PHR for payroll conversion.</td>
</tr>
<tr>
<td>Friday</td>
<td>June 14</td>
<td></td>
<td>BFA loads working budget into FRS.</td>
</tr>
<tr>
<td>Monday</td>
<td>June 17</td>
<td>8:00 a.m.</td>
<td>PHR payroll conversion funding changes loaded.</td>
</tr>
<tr>
<td>Tuesday</td>
<td>June 18</td>
<td></td>
<td>Payroll distributes payroll conversion reports to units for verification and correction in PHR.</td>
</tr>
<tr>
<td>Tuesday</td>
<td>July 9</td>
<td>11:00 p.m.</td>
<td>Last day for units to make payroll corrections in PHR for July 1 funding/accounts.</td>
</tr>
</tbody>
</table>

*Colleges/Divisions may choose to open BPM to departments prior to May 1, and keep the system open beyond May 10, at their discretion. Requests for alternate dates should be made to Susan Boblitz (sboblitz@umd.edu, Ext. 5-5638)
II. GENERAL GUIDELINES

The following guidelines are University-wide and apply to all sources of funding in the state-supported and non-state supported budgets.

A. Salary Setting Guidelines

Pending official guidance from USM, please use the following information for setting salaries.

Requests for salary adjustments are appropriate for the following circumstances:

1) Promotions and reclassifications
2) COLA and Merit
3) Equity
4) Retention of faculty or operationally critical staff

Please ensure that salaries for new employees do not create significant salary inequities when compared with salaries of current faculty or staff.

All proposed retention and equity increases, as well as total salary increases of greater than 15%, must be approved by the appropriate Vice President (please note that certain items will also require approval by the President). Requests for approval should utilize Attachment K – Approval Form for Proposed FY2014 Salary Increases and be forwarded to the Vice President’s Office by the close of business on May 10, 2013. An employee who is to receive such a proposed salary increase should not be notified before the recommendation has been finally approved.

1.) Cost of Living Adjustment (COLA)

Regular-status Nonexempt and Exempt staff who are in a “paid status” on December 31, 2013, will receive a 3% Cost of Living Adjustment (COLA) on January 1, 2014. Contingent 2 staff may receive a COLA, at the discretion of the department, and with the execution of an addendum to their contract. The COLA adjustment may move a Nonexempt employee’s salary beyond the maximum of the established pay range.

2.) Merit Adjustments

FY 2014 Merit adjustments for both Exempt and Nonexempt staff will be paid beginning on April 1, 2014, and are to be based upon evaluations completed during Spring 2013.

a.) Regular-status Nonexempt staff who receive a “meets expectations” on their FY 2013 PRD and have passed their Original probation by July 1, 2013, will receive a
2.5% merit adjustment applied to their base salary as a delayed merit adjustment for the fiscal year that began on July 1, 2013. Nonexempt staff who have not passed their Original probation by July 1, 2013, will not receive this merit adjustment (see Attachment J). Per Board of Regents policy, the April 1, 2014, merit adjustment may not move a Nonexempt employee’s salary beyond the maximum of the range. Therefore, in applying the April 1, 2014, merit adjustment, Nonexempt staff whose salaries are at the maximum of the range will receive a one-time bonus for the amount that exceeds the range maximum.

b.) The budget includes an aggregate 2.5% merit pool for regular-status Exempt staff. Distribution guidelines for this pool will be set by each division. Newly hired regular-status Exempt employees hired on or after July 1, 2013, will not be eligible to receive a delayed merit adjustment on April 1, 2014. Hiring officials should be cognizant of this when establishing starting salaries for new hires.

c.) The Provost will be providing merit adjustment guidance for faculty directly to academic units, under separate cover.

3.) Non-Exempts Completing Probation Before July 1st

Attachment C – Probation Rules for Regular Status Non-Exempt Employees provides a summary of the probation rules for regular non-exempt employees regarding the 2.5% step increase. Employees completing original probation, promotion status change probation (with a competitive search), or CII conversion probation before July 1st are eligible for a 2.5% step increase. Please contact Natalie Torres of Human Resources at ext. 5-5674 or ntorres@umd.edu if you have questions about a non-exempt employee’s eligibility for the 2.5% step increase received after the successful conclusion of certain probationary periods.

Attachment D has a list of non-exempts who are scheduled to complete probation between April 20th and June 30th. To impact the employee’s pay, the department must enter the 2.5% increase in PHR directly. BPM has a field on the set salary screen that allows users to also reflect the salary adjustment made in PHR after the freeze and before July 1st. Please refer to page 14 of the BPM Training and User Manual.

4.) Promotions and Reclasses for Exempt and Non-Exempt Employees Before July 1st

Promotions and reclasses for exempt or non-exempt employees effective before July 1st entered into PHR by the department after the April 19th data freeze should also be entered into BPM as an adjustment to the current base salary on the salary setting screen. Please refer to page 14 of the BPM Training and User Manual for non-exempts and page 18 for exempts.

5.) Salary Adjustments and Funding Changes

The “set salary” flag will be set at “No” when BPM is opened to users. After users have finished setting salaries, they will be able to run a report “Salary Not Set by Employee-All
Positions,” which will identify employees for which salary setting is not yet complete. Only funding changes effective July 1, 2013, for salaries already in PHR will be processed. Towards the end of the calendar year, the January 1, 2014, COLA will be added to eligible employees’ salaries using the same process used in FY 2013. The April 1, 2014, Merit adjustments will subsequently be loaded into PHR from the BPM file to update employee appointments. Users will need to review and update the PHR actions to verify accuracy and completeness.

6.) Salary Structure Adjustment

The Nonexempt salary structure is scheduled to be adjusted at the beginning of the first full pay period in January 2014, and Nonexempt staff whose salaries are below the new range minimums at that time will have their salaries brought up to the new range minimums. As this salary structure adjustment has not been finalized, however, all employee salary adjustments necessitated by it will not be set in BPM during the Working Budget process but at a later date in PHR. Further guidance concerning this matter will be provided as it becomes available.

7.) Retention Increases for Faculty and Staff

Retention increases for faculty and staff, where warranted, will be allowed in FY 2014. Further guidance will be provided as it becomes available.

8.) Equity Adjustments for Faculty and Staff

Pursuant to guidelines established by each division’s Vice President, equity adjustments may be granted in the working budget, and must be approved by the appropriate Vice President.

Any questions regarding the above Salary Setting Guidance should be directed to the Provost’s Office (Cindi Hale, 5-6816 or chale@umd.edu) or University Human Relations (Dale Anderson, 5-5648 or danderso@umd.edu), as appropriate.

B. Salary Budgeting Guidelines

Position budgets should include only one-half of the annualized cost of the COLA and one-quarter of the annualized cost of the Merit adjustment.

1) Fringe Benefits

For the state-supported budgets, fringe benefits are budgeted and administered at the campus level. For non-state supported budgets, refer to Section III - Supplemental Instructions for Self-Supported Units.
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2) Turnover/Vacant Lines

Turnover allocated in subcode 2999 should be 2 - 4% of the following salary subcodes: 1011, 1012, 1013, 1014, 1015, 1016, 1018 and 1020. Self-support units should also add 2-4% of fringes budgeted in the following fringe subcodes: 2705, 2715, 2720, 2725, 2730, 2731, 2755, 2760, 2766, 2769, 2770 and 2771. Vacant lines should have salary budgeted within the salary range for the position.

C. Overall Budget Guidelines

1) Alignment of Budget with Actuals

Among other factors, effective financial management requires both: 1) budget development based on the best estimates at the time; and 2) meaningful comparisons of budget to actuals. Therefore, when developing your FY 2014 budget, please consider both historical trends and future expected trends and events. Budget all anticipated activity, revenues, expenditures and transfers, to the extent practical. Please set your budget on the position, account and subcode where the actuals will be recorded. These actions will help ensure the University has requested spending authority at the expected amount and will improve the quality of our analysis of variances for required reports to the Board of Regents and to the State.

2) Budgeting in Ledgers 2, 4, 5 or 9

Budgeting in these ledgers is permitted only as follows:

i. Ledger 2 (Accounts beginning with 2)

Permitted for 28XXXX accounts (Self-Supports), 293XXX accounts (DRIF), and 294XXX (AGNR and MFRI only)

ii. Ledger 4 (Accounts beginning with 4)

Permitted for MFRI and AGNR only

iii. Ledger 5 (Accounts beginning with 5)

Permitted for BFA only

iv. Ledger 9 (Accounts beginning with 9)

Permitted for accounts 990000, 990004, 990077 and 990146 – VPSA
3) Summer/Winter/Freshman Connection Revenue Allocations

Three subcodes should be used to record the allocation of summer, winter or Freshman Connection revenue to departments:

- 9939 – Summer Term Rev. Alloc
- 9940 – Winter Term Rev. Alloc
- 9941 – Freshman Connect Rev. Alloc

Please budget your estimated share of the summer/winter/Freshman Connection revenue in these subcodes and budget the related expenditures equal to the estimated revenues.

4) Other Departmental Tuition and Fees Revenues

If your college has tuition and fees revenues, please remember to budget projected revenues and also budget related expenditures equal to the projected revenue.

Subcode 9936 - Adm O/H Entrprn Pgms - should be used for approved entrepreneurial revenue sharing academic programs to record institutional percentage share of gross tuition and fee revenue for on-campus (15%) and off-campus (10%) entrepreneurial activities.

5) Voice/Data Expenses

For state-supported operations, the campus rate per IP address is changing from $9 per IP address per month to $10. Units should adjust their telecommunications budgets to reflect this increase. Self-support and auxiliary data rates are unchanged at $14 per IP address per month.

III. SUPPLEMENTAL INSTRUCTIONS FOR SELF-SUPPORT UNITS

Units designated as auxiliary enterprises or self-support should refer to Attachment G – Self-Support Instructions and Tracking Sheet for guidance.