PRAIRIE VIEW A&M UNIVERSITY
A Member of the Texas A&M University System

April 6, 2006

OFFICE OF BUSINESS AFFAIRS MEEMORANDUM NO. FY06-19
Distributed via Campus Email

MEMO TO: President Wright and All Vice Presidents, Deans
Department Heads, Directors and Account Managers

FROM: Mary Lee Hodge, Vice President for Business Affairs *MLH*

E. Joahanne Thomas-Smith, Provost and Senior Vice President
for Academic and Student Affairs *J Thomas Smith*

RE: 2006-2007 Budget Preparation Guidelines

It is time to prepare our operating budgets for the 2006-2007 fiscal year. Attached you will find merit spreadsheet(s), budget form(s), and fixed cost schedule(s) for your unit(s). We are distributing the documents via campus email so that you can prepare your documents on your computer and then you can print it out for signature and formal submission. To assist you, the following guidance is provided.

Budget Activity Calendar

April 6, 2006	Budget packets distributed via email to responsible parties. Recipients may want to print a copy of the document and bring it with them to the training session as copies will not be distributed there.
April 10, 2006	Academic Unit Budget Preparation Training Time: 8:00-10:00 a.m. Place: New Science Building Room 123 Administrative Unit Budget Preparation Training Time: 3:00-5:00 p.m. Place: New Science Building Room 123
April 17, 2006	Completed, signed budget and merit forms are due to the appropriate President/Vice President for their review with two copies to the Budget Office.
April 24, 2006	Approved budget and merit forms are due from the President/Vice Presidents to the Budget Office for all units except academic units.
April 24-28, 2006	Academic Budget Hearings. The Provost's Office has distributed forms to be used in the academic budget hearings. Completed budget and merit forms are to be submitted to Vice President Hodge for transmission to the Budget Office at the completion of each hearing.

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General Guidelines

1. The merit spreadsheet will serve this year as the Form 901. Specific merit instructions are set forth below. Salary details for each budgeted position should be shown on that spreadsheet. The total from that spreadsheet should be carried over to the Operating Budget Form.
2. Operating Budget Forms should contain all budget items other than individual position salaries.
3. Allocations for 2006-2007 for continuing accounts must be at a status quo level to this fiscal year except for the addition of the merit increases as described below and for any increases approved in writing by the Vice President for Business Affairs. If such approval has been obtained from the Vice President for Business Affairs, a copy of same must be attached to the budget submission. Units with approved new or increased fees must submit a budget for that account that conforms to the fee request. At present, we anticipate having sufficient funds to maintain operating accounts at level funding. However, if enrollment drops during the coming year, adjustments may have to be made during the fiscal year to avoid funding shortfalls.
4. Longevity pay will be paid to eligible employees at the rate of $20 per month for each two years of lifetime service credit.
5. Projections of known fixed costs by account are provided in the attachments to assist you in preparing your budget. Since the Fiscal Office will encumber these funds at the beginning of the budget year, please ensure that you have adequately provided for these costs in your budget. Telephone expenses for your unit(s) will be encumbered on September first based on the current year's usage. During the 2006-2007 fiscal year, charges will be adjusted to actual usage on a quarterly basis.
6. New positions should not be included in the budget unless they have been established through the Office of Human Resources prior to budget submission. Due to the Compensation Study moratorium on new positions, there should be very few shown in the budget.
7. Unfilled positions:
    a. Unfilled faculty positions should be shown in a lump sum in the unallocated faculty salaries line.
    b. Unfilled staff positions should be shown on the merit spreadsheet page. However, it is anticipated that the salary amounts will be adjusted once the Compensation Study is complete. If a staff position is at a higher level than is shown as needed for the position per the Study results, excess funds will be removed from the position and will be moved to a University-level account. The accumulated funds will be used to make equity adjustments for staff positions in the future in accordance with recommendations received from the Compensation Study consultants and as approved by the Executive Officers of the University. Replacement of staff members in the future will be at salary levels approved in the revised Pay Plan.
    c. Graduate assistants, student workers, and other hourly wage workers should be shown in the appropriate unallocated line on the Operating Budget Form.

E&G Budgets

8. The President and each Vice President may reallocate budgets within their respective area of responsibility. However, the total budget for each Executive must stay within his/her total allocation. Such reallocations should be communicated to the Vice President for Business Affairs, and she is authorized to make whatever changes are necessary to make the submission compliant with this funding level directive.
9. All salary savings from vacant positions will be placed into the University Contingency Fund. This fund will be used to address unexpected events and expenditures subject to the approval of the Vice President for Business Affairs.
10. Maintenance and Operation and Travel accounts will remain in the designated fund group. In most cases, E&G accounts should be used for salaries only. The exceptions to this include special item funded accounts, OCR accounts, lab fee allocation accounts, and accounts funded with the Center for Juvenile Crime Fee.
11. IDC and GIT (graduate incremental tuition) accounts must cover employee benefit costs for salary and wage appointments. See item 14 below for rates.

Local Account Budgets

12. It is imperative that each local account's estimated beginning balance be calculated and shown on the budget document. To do this, the responsible manager should look at the current account balance, add any projected revenue through August 31, 2006, and deduct all anticipated expenditures through August 31, 2006. Spending authority is based on this figure. If the projected beginning balance is expected to be

problematic, the Budget Office will encumber that balance now to ensure that the proper carryover amount is maintained.

13. Local student fee income estimates are included with the applicable departments' budget package. Projections of other income must be prepared and included in your budget submission.
14. Employee benefits:
    a. Local account budgets should include allowances for employee benefits as follows:
        i. 27% of gross salaries for budgeted positions, and
        ii. 10% of gross wages for temporary hires in non-student positions.
    b. Part-time employees who are employed ≥ 50% time will only receive one-half of the state contribution for group insurance. Retirees will receive the full time GIP rates regardless of their percent effort at the time of retirement. Active and retired employees who sign and submit a document to their employer indicating that they have health insurance coverage from another source are authorized to use the "Waiver" category (one-half of "employee only" state contribution) for optional insurance. Employees hired on or after 9/1/2003 are subject to a 90-day waiting period before they receive the GIP contribution. Individuals are not entitled to one-half the GIP contribution to purchase optional insurance if they are in the "waiver" category during this period.
    c. At this time, we do not have the final breakdown of benefit costs. For planning purposes, we are providing the following estimates. When final costs are known, your budgets will be adjusted accordingly.

Social Security and Medicare Tax	7.65%
Retirement-TRS	6.00%
ORP (Employed on or before 8/31/95)	8.50%
ORP (Employed after 8/31/95)	6.00%
Workers' Compensation Insurance	0.45%
Unemployment Compensation Insurance	0.10%
Group Insurance Premiums (monthly, full-time employees)	
Employee Only	$344.41
Employee and Children	$433.32
Employee and Spouse	$486.66
Employee and Family	$557.79
Waiver	$172.21
Group Insurance Premiums (50.00%-99.99% part-time employees)	
Employee Only	$172.21
Employee and Children	$216.66
Employee and Spouse	$243.33
Employee and Family	$278.90
Waiver	$86.10

Salary Increases

15. Faculty promotion raises will be added to the applicable budget after the budget preparation process is complete. Academic units should not include those amounts in their unit budget or on the merit spreadsheet.
16. President Wright has authorized a merit salary increase for faculty and staff employees who meet prescribed eligibility requirements as presented below. The general merit pool for the President and each Vice President will be 2%. ¼ of this amount, i.e., 0.5% will be held at the President/Vice President level for allocation upon review of the departmental recommendations. Each account manager should allocate 1.5% initially and be prepared to discuss each employee's performance so that final allocations can be made at the President/Vice President level. The President and each Vice President will be responsible for ensuring that all required paper work is completed, reviewed, approved, signed, and forwarded as necessary to the Budget Office to meet the deadline in the above calendar.
17. Merit spreadsheets were distributed for review prior to this process so all corrections have been made and are shown in the attached spreadsheet(s). No salary changes, other than merit recommendations, are authorized to be made in the budget process and shown on the submission.
18. Merit salary increases may be in the 1%-6% range, but the aggregate increase cannot exceed the established pool amount. Any proposed increase beyond the 6% level must be accompanied by written permission from the applicable President/Vice President with co-approval by the Vice President for Business Affairs.

19. Employees who do not meet the eligibility rules below will not receive a merit increase.
20. Employees are eligible for a merit salary increases:
    a. If employed ≥ 50% time on February 28, 2006 and eligible for staff benefits in accordance with applicable state law and institutional guidelines.
    b. If a signed, completed performance evaluation was submitted to the Office of Human Resources reflecting a current evaluation of performance in areas appropriate to the employee's work assignment.
    c. If the written performance evaluation submitted to the Office of Human Resources contained an overall rating of Good, Very Good, or Excellent, and if the evaluation contained justifications for individual rating categories other than Good. Employees with evaluations that do not meet this criteria will not be allowed to receive a merit salary increase.
    d. If the individual is employed on September 1, 2006.
    e. If the unit's budget can sustain the merit increase on a continuing basis.
21. Assessment of meritorious performance of nine-month faculty should be based upon work products from the spring 2005 and fall 2005 semesters but should not be done at the exclusion of 2006 performance evaluations. Where the latter are included, the justification summary should be very clear to sufficiently preclude rewarding the faculty member for the same achievement(s) should there be another round of merit salary increases next year.
22. Separate merit pools have been established for faculty and staff. Units must not use funds from one pool to offset enhanced increases in another pool without written approval from the Vice President for Business Affairs. For instance, faculty pool funds cannot be allocated to staff.
23. Salary increases for individuals who are promoted (other than tenure track faculty) and salary increases for individuals who leave the University prior to September 1, 2006, will be recovered at the beginning of the new fiscal year.
24. The availability of funds for a merit salary increase program for otherwise eligible employees who are paid from service departments, auxiliary enterprise departments, grant or contract (restricted funds) accounts, fee accounts, or from other locally funded accounts will be determined by the account manager for the applicable account. Subject to funds availability, the account manager may recommend merit increases in accordance with the above rules. If an account manager does not have a guarantee that funding will continue, he/she should refrain from assigning merit unless he/she can support such an increase on a continuing basis from another resource. In all cases, such a resource should be identified in the justification section of the merit spreadsheet.

Your adherence to these guidelines and deadlines is crucial in order for Prairie View A&M University to meet deadlines set at the System level. Any questions concerning allocations should be directed to Mary Lee Hodge, Vice President for Business Affairs (X2952 or mlhodge@pvamu.edu). Questions pertaining to the preparation of documents, deadlines, etc., should be directed to Betty Ricks (X2016 or baricks@pvamu.edu).