



PRAIRIE VIEW A&M UNIVERSITY

A Member of the Texas A&M University System

May 9, 2007

OFFICE OF BUSINESS AFFAIRS MEMORANDUM No. FY 07-63
Distributed via Campus Email

To: Vice Presidents, Deans, Department Heads, Directors and Account Managers

From: George C. Wright
President

Re: 2007-2008 Budget Preparation Guidelines

It is time to prepare our operating budget for 2007-08 fiscal year. Unfortunately, since the legislative session is not complete, we do not have a full picture of our financial situation. At this time, there is a substantial difference between the House and Senate appropriation bills, and the Conference Committee activity is early in its part of the process. Therefore, we are prudently budgeting a combined designated tuition increase and six percent (6%) budget cut. We are also postponing major acquisitions and/or budget changes until the appropriation process and enrollment situation is clearer. We understand the budget cut will place a stress on every unit and appreciate your cooperation and understanding. If you need help identifying areas for reduction, we are committed to providing you assistance. Please do not hesitate to contact your Vice President or CFO Hodge should you need same.

Attached you will find budget form(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 them out for signature and formal submission. To assist you, the following guidance is provided.

Budget Activity Calendar

May 9, 2007	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.
May 14, 2007	<u>FIXED COST SCHEDULE WILL BE DISTRIBUTED AT TRAINING</u> Administrative Unit Budget Preparation Training Time: 8:00 – 10:00 a.m. Place: New Science Building Room 123 Academic Unit Budget Preparation Training Time: 3:00-5:00 p.m. Place: New Science Building Room 123
May 21, 2007	Completed, signed budget forms are due to the appropriate President/Vice President for their review with two copies to the Budget Office.
May 29, 2007	Approved budget forms are due from the President/Vice Presidents to the Budget Office for all units.

2007-2008 Budget Preparation Guidelines

General Guidelines

1. Please double check that the information on Form 901 is correct. The total from that form 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 2007-2008 for continuing accounts must reflect the appropriate budget reduction.
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. During the 2007-2008 fiscal year, charges will be adjusted to actual usage on a quarterly basis.
6. Unfilled positions:
 - a. Unfilled positions should be shown in a lump sum in the appropriate unallocated faculty salaries line or unallocated staff salaries line.
 - b. Graduate assistants, student workers, and other hourly wage workers should be shown in the appropriate unallocated line on the Operating Budget Form.
 - c. Staff salaries identified in the compensation study as needing adjustment will be adjusted each year as funds allow. This year, \$150,000 has been allocated for this purpose. The adjustments will begin at salary Level I and continue upward until the \$150,000 is depleted. Those changes will be added to the applicable budget after the budget preparation process is complete.
 - d. 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.
7. Merit increases are being deferred until the University knows its legislative appropriations and enrollment situation.
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 juvenile crime fee.
11. IDC, GIT (graduate incremental tuition) and the Center for Juvenile Crime Fee accounts must bear the benefit costs for all salaries and wages on the account.

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, 2007, and deduct all anticipated expenditures through August 31, 2007. 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. If the carryforward is less than projected the spending authority will be adjusted downward.
13. Local student fee income estimates will be distributed at the training session on Monday, May 14, 2007. 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 $\geq 50\%$ 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 benefits costs. For planning purposes, we are providing the following estimates. When final costs are known, 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	\$361.19
Employee and Children	\$455.17
Employee and Spouse	\$511.55
Employee and Family	\$586.73
Waiver	\$182.02
Group Insurance Premium (50.00%-99.99% part-time employees)	
Employee Only	\$179.19
Employee and Children	\$226.16
Employee and Spouse	\$254.35
Employee and Family	\$291.94
Waiver	\$91.01

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 (X2150 or mlhodge@pvamu.edu). Questions pertaining to the preparation of documents, deadlines, etc., should be directed to the Budget Office (X1904 or baricks@pvamu.edu).