FY 2016
BUDGET PREPARATION GUIDE

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Introduction

This guide provides information on FY 2016 budget preparation, including general guidelines, budgeting in NUPlans, FY 2016 benefits rates, and chartfield maintenance. For questions about the budget topics discussed in this document, or about budget policies and procedures that apply to your specific school or unit, please consult with your Budget Office contact(s):

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NUPlans Budgeting

Detailed information on budgeting in NUPlans can be found on the Finance, Facilities, and Research Administration (FFRA) web site: http://ffra.northwestern.edu/projects/nuplans/, including a training presentation on new features for FY 2016 budgeting. Please address technical questions about NUPlans to the Help Desk: consultant@northwestern.edu.
Information may also be found on the Office of Budget and Planning web site (http://www.northwestern.edu/budget/), and notes on NUPlans also follow in several of the sections below.

**FY 2016 Budget Due Date**
- The deadline for finalizing all budgets in NUPlans is June 26th.

**Goal of the Budget Preparation Process**
The goal of the budget preparation process is to complete entry into NUPlans of the FY 2016 “original” budget for your school or unit. This information will be loaded into NUFinancials and will be visible before the new fiscal year begins. After the new fiscal year begins, you may still make adjustments to your budget by entering recurring and non-recurring budget adjustments into NUFinancials, but the work you are doing now in NUPlans should constitute the bulk of your detailed budgeting.

The budget preparation process focuses on the annual operating budgets of your school or unit. Unrestricted, designated, self-supporting, recharge, gift, and endowment spending funds are budgeted through this process. This process is not the means for establishing cost-share or agency fund budgets or the multi-year budgets for grants and plant funds, although plans for these activities may inform your operating budgets in NUPlans. Annual grant budget data may be entered into NUPlans for planning purposes for those schools and units opting in for grants planning. This also serves as the source for grant budget data in the Cognos Income Statement report (GL077).

**Budget Targets**
It is the responsibility of school and unit budget managers to ensure that the approved budget targets for the area are met, either by submitting balanced expense and revenue budgets or by meeting a net budget target established by a central appropriation – as applicable.

**Unrestricted Funds (typically Fund 110) and the Central Appropriation**
Unrestricted funds in schools and units without a central appropriation are expected to be in balance, either by individual chart string or for the area as a whole.

Unrestricted funds in schools and units with a central appropriation are expected to have expense budgets that exceed revenues by the amount of the appropriation.

\[
(\text{Unrestricted Expense}) - (\text{Unrestricted Revenue}) + \text{any (Allocation to Designated)} = \text{the (Appropriation from Central)}
\]

**Designated Funds (Fund 171)**
New allocations of budget authority may be made to designated fund chart strings and are assumed to come from the school or unit’s unrestricted funds budget, typically Fund 110. Schools and units may also choose to budget designated fund chart strings with balanced expense and revenue, which may include the planned build-up (or use) of fund balances.
Self-supporting Funds (Fund 172)
Budgets for self-supporting funds are expected to be in balance, either by individual chart string or for the area as a whole. Most schools and units choose to balance by individual chart string, as it facilitates budget management and simplifies carryforward calculations.

Recharge Funds (Fund 160)
Budgets for recharge chart strings are expected to be in balance. Further information is provided in the section on Recharge Centers below.

Gift Funds (Fund 310, 320, 330) and Endowment Spending Funds (Fund 440, 450)
Budgets for gift and endowment spending chart strings are expected to be in balance, which may include the planned build-up (or use) of fund balances. Budgeting for gift holding chart strings (Fund 330) is not currently available in NUPlans; if you need to establish budgets on any of these chart strings, please contact your Budget Office analyst. Detailed budgeting of endowment spending chart strings is strongly encouraged, in support of direct charging.

Automatic Balancing
In NUPlans, Designated, Gift, and Endowment Spending Funds (and Unrestricted Funds for certain areas) are subject to automatic balancing, whereby if revenue and expense are budgeted in amounts that do not equal, the system will automatically plug the difference to either the Planned Build-up of Reserves (Account 88991) or the Planned Use of Reserves (Account 88992). The Net Budget Report (NUPlans Web), new for FY 2016 budgeting, is designed to highlight those chart strings where automatic balancing has been applied. It is good practice to examine these situations carefully, to ensure that the result is as intended and makes sense from a resource standpoint.

Budget Reports and Summary Views Within NUPlans
NUPlans Web provides a set of summary views and reports to assist you with the budget preparation process. Managers can view their area’s overall budget target, appropriation (where applicable) and any central allocations in NUPlans Web in the Allocation Summary – By Fund View. This view most closely resembles the summary allocation sheets included in the previously distributed Excel budget preparation files. An overall summary of the net budget appropriation can also be viewed in the Allocation Input – Net View.

The new budget is scheduled to be loaded into NUFinancials in late July, after which budget reports for FY 2016 will be available through Cognos. On September 1, 2015, the FY 2016 budgets will be available for expenditure and the Budget Portal will be open for FY 2016 budget changes.

Salary Budgeting in NUPlans
NUPlans supports employee-level salary budgeting, with the objective of providing better understanding of this key component of the budget. To facilitate this process, detailed salary information for faculty and staff is imported into NUPlans from FASIS, showing funding sources and distributions. This year, in addition to the payroll data that appears in the Comp Input View (NUPlans Contributor), additional views are provided (NUPlans Web) displaying annualized salary (as distributed in March) along with a comparison to the payroll data in Comp Input.
It is expected that the FY 2016 salary budgets for regular faculty and staff positions will be constructed by building up from the individual employee level detail. Other salary-related account codes, such as temporary wages, work-study, and overtime will continue to be budgeted at a summary level.

The *Placeholder* and *Adjustment* options in NUPlans can be used to address situations where the sum of the individual salaries is either less than or in excess of the salary budget. For further information on salary budgeting, please see the link to the April 19, 2013 Budget Managers Presentation on Salary Budgeting on the Office of Budget and Planning web site ([http://www.northwestern.edu/budget/](http://www.northwestern.edu/budget/)).

Salary budgeting in NUPlans does not replace the salary planning and performance excellence processes, which remain separate activities. A project is under way to better align and streamline all of these activities in future planning cycles.

**Employee Benefits Rates**

A four-tier benefits rate structure has been in place since FY 2004:

- The Full rate (Federal and Non-Federal). (*The Federal rate is used in grant budgeting only, for salaries paid from Federal funds.*)
- The Statutory rate
- The Graduate School student rate
- The Zero percent rate

Pending the outcome of negotiations with the Federal government, the rates for FY 2016 are as displayed in the table below, with comparative information shown for FY 2014 and FY 2015:

<table>
<thead>
<tr>
<th>Rate Description</th>
<th>Who it covers</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Non-Federal</td>
<td>Benefits-eligible employees <em>paid from non-Federal funds.</em></td>
<td>27.2%</td>
<td>27.2%</td>
<td>27.2%</td>
</tr>
<tr>
<td>Full Federal</td>
<td>Benefits-eligible employees <em>paid from Federal funds.</em></td>
<td>27.0%</td>
<td>27.8%</td>
<td>27.8%</td>
</tr>
<tr>
<td>Statutory</td>
<td>Temporary employees, supplemental pay to regular employees</td>
<td>6.5%</td>
<td>6.1%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Graduate School student</td>
<td>TGS Teaching assistants, research assistants, graduate assistants (accounts 60070, 60076, 60078)</td>
<td>2.0%</td>
<td>2.3%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Other student</td>
<td>Hourly wages to student workers (account 60120), non-Graduate School graduate students (accounts 60077, 60079)</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Exempt</td>
<td>Federal Work Study wages (accounts 60121 and 60122-60125)</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
Benefits rates are applied automatically in NUPlans – you do not have to enter benefits budgets. In the event that any of the FY 2016 rates are revised as a result of the negotiations, a separate communication will detail the plan for incorporating the revised rates in the budget.

Recharge Centers
Recharge centers provide goods and services to University users. Such centers may also provide goods and services to non-University users on an incidental basis. For University users, recharge centers must calculate their recharge rates to recover costs only; over time, the goal is to maintain a break-even position. Recharge rates should be reviewed annually and strategically adjusted to reduce any carry-forward surplus or deficit.

Recharge rates for FY 2016 should reflect employee benefits costs calculated at the full Federal rate. However, recharge budgets should be established at the non-Federal rate, as the benefits charges will be assessed at this rate. To the extent that recharge centers have external customers, the unit is encouraged to charge those customers market competitive rates or prices that include both the direct and indirect (F&A) costs. This may allow units to recover any loss on operational deficits. However, all internal customers must be charged a price that is cost-based and supported by cost accounting.

All recharge center activity should be established in Fund 160 chart strings. For more information on recharge centers, please contact Jennifer Mitchell, Director of Cost Studies and Effort Reporting, at 7-2473 or jmitchell@northwestern.edu, or Sophia Gabay, Senior Cost Analyst, at 7-1142 or s-gabay@northwestern.edu.

You can also find guidelines and step-by-step procedures relating to recharge centers on the Cost Studies web site: http://www.northwestern.edu/coststudies/recharge.html.

Adding New Department IDs, Project IDs, and Account Codes
Please contact ChartField Maintenance (http://www.northwestern.edu/financial-operations/policies-procedures/coa/index.html) to establish new Department IDs or Project IDs. These new values must be activated in FY 2015 if you wish to budget on them in NUPlans for FY 2016 (zero dollar budgets are sufficient for this). As new Department and Project IDs are established by ChartField Maintenance and activated in NUFinancials, they will be loaded into NUPlans.

You may add existing, active account codes to active chart strings for budgeting within NUPlans using the process outlined in NUPlans Web.

Inactivating Chart String Budgets
If a chart string appears in NUPlans as active, a zero-dollar budget will be loaded into NUFinancials for FY 2016 even if you do not actively budget on this chart string. To prevent active budgeting on a chartstring within NUPlans, you may change the chart string status within NUPlans Web. However, a zero dollar budget may still be loaded if this chart string is a valid chartstring in NUFinancials. To avoid having a zero dollar budget loaded into NUFinancials, you must inactivate the chart string combination through the process managed by ChartField
Maintenance. If you require a Project or Department ID (individual chartfields) to be inactive in NUFinancials, you must still contact ChartField Maintenance.

**Final Review and Post-submission ChartField Requests**

After your budget submission is finalized in NUPlans and reviewed and approved by your Budget Office analyst, your budget information will be uploaded into NUFinancials.

Should you still need to open new chart strings for FY 2016 after finalizing your budget, please send these requests to ChartField Maintenance, along with any FY 2016 budget amounts. The new chart string will be opened for FY 2016 with the budget you have requested. In most cases, new chart string requests after June 26th and prior to September 1st should be for gift, endowment spending or designated funds only. Requests for new unrestricted chart strings during this time period should be reviewed with your Budget Office analyst and will be considered on a case-by-case basis.

Thank you for preparing the FY 2016 budget.