1. The Budget Preparation Process
The goal of the budget preparation process is to enter the FY 2017 operating budget for your school or unit into NUPlans for subsequent loading into NUFinancials. NUPlans consists of two separate components – NUPlans Contributor and NUPlans Web. NUPlans Contributor is used for budget entry, review, and approval. NUPlans Web is used for reports, commitments, and chart string maintenance.

This year’s deadline for finalizing budgets in NUPlans is June 30, 2016. Information on key elements of the process follows.

2. Budgeting Guidelines
Specific budgeting guidelines by fund follow along with information on budgeting salaries, employee benefit rates and recharge centers.

a. Unrestricted Funds (110, 120, 151, 156)
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 (budgeted under Fund 110) are expected to have expense budgets that exceed revenue budgets by the amount of the appropriation. In cases where a net revenue target applies, the revenue budget is expected to exceed the expense budget by the target amount.

b. Designated Funds (171)
Allocations of budget authority may be made to designated fund chart strings from the school or unit’s Fund 110 budget. Schools and units may also choose to budget designated fund chart strings with balanced expense and revenue budgets, which may include the planned build-up (or use) of fund balance.

c. Self-supporting Funds (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 this facilitates budget management and simplifies carryforward calculations.

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

e. Gift (310, 320, 330) and Endowment Spending Funds (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 balance. 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 liaison. Detailed budgeting of endowment spending chart strings (and, where
feasible, gift chart strings) is strongly encouraged to facilitate direct charging and provide for better reporting.

**f. Clearing (131, 133), Student Loan (500’s), and Agency Funds (700’s)**

These funds are included in NUPlans for the first time for FY 2017, primarily to support the review and establishment of zero-dollar budgets, which are typical for these sets of funds. These include the centrally managed payroll clearing fund (131) and student loan funds (500’s), the vendor interface clearing fund (133), and the agency fund series (700’s). Agency funds account for resources held by the University as custodian or fiscal agent for faculty, staff members, and academic organizations.

**g. Cost-share (191, 192, 193), Grant (600’s), and Plant Funds (800’s)**

Budgeting for these funds is accomplished via separate processes and not through the annual budget preparation process. However, for planning purposes, annual grant budget data may be entered into NUPlans 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.

**h. Automatic Balancing within Funds**

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 budget the difference on either the Planned Build-up of Reserves (expense account code 88991) or the Planned Use of Reserves (revenue account code 88992). The Net Budget Report (NUPlans Web) is designed to highlight those chart strings where automatic balancing has been applied. It is good practice to examine these situations to ensure that the result is as intended and makes sense from a resource standpoint.

**i. Salary Budgeting**

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, displaying funding sources and distributions. This year, as part of the effort to better align budgeting and salary planning, the following salary data sources and options are provided:

- Position management data (including vacancies)
- New year (FY 2017) salaries (if completed and if areas opt in to this feature)
- Payroll data (similar to past years)

In addition to these data enhancements, several new calculation methods are provided to support salary budget input.

It is expected that the FY 2017 salary budgets for regular faculty and staff positions will be constructed by building up from the individual position / 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.

j. Employee Benefit Rates
A four-tier employee benefit 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 (TGS) student rate
- The Exempt (zero percent) rate

The rates for FY 2017 are as displayed in the table below, with comparative information shown for FY 2015 and FY 2016:

<table>
<thead>
<tr>
<th>Rate Description</th>
<th>Who it covers</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Non-Federal</td>
<td>Benefits-eligible employees paid from non-Federal funds.</td>
<td>27.2%</td>
<td>27.2%</td>
<td>27.2%</td>
</tr>
<tr>
<td>Full Federal</td>
<td>Benefits-eligible employees paid from Federal funds.</td>
<td>27.8%</td>
<td>24.7%</td>
<td>23.6%</td>
</tr>
<tr>
<td>Statutory</td>
<td>Temporary employees, supplemental pay to regular employees</td>
<td>6.1%</td>
<td>6.1%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Graduate School student</td>
<td>TGS teaching assistants, research assistants, graduate assistants</td>
<td>2.3%</td>
<td>2.3%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Exempt</td>
<td>Hourly wages to student workers, non-Graduate School graduate students</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Exempt</td>
<td>Federal Work Study wages</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.

k. Recharge Centers
Recharge centers provide goods and services to University users, and 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 adjusted to reduce any carry-forward surplus or deficit.

Recharge rates for FY 2017 should reflect employee benefits calculated at the full Federal rate. However, recharge budgets for employee benefits are 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 direct and indirect (Facilities and Administration) 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, Associate Executive Director for Research Financial Operations, 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.

3. Chartfield Maintenance, Reporting and Final Review

a. Adding New Department IDs, Project IDs, and Account Codes
Please contact ChartField Maintenance to establish new Department IDs or Project IDs: http://www.northwestern.edu/controller/accounting-services/chartfield-maintenance/index.html). These new values must be activated in FY 2016 if you wish to budget on them in NUPlans for FY 2017 (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.

Should you need to open new chart strings for FY 2017 after finalizing your budget, please send these requests to ChartField Maintenance, along with any FY 2017 budget amounts. The new chart string will be opened for FY 2017 with the budget you have requested. In most cases, new chart string requests after June 30th 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 liaison and will be considered on a case-by-case basis.

b. Inactivating Chart String Budgets
If a chart string appears in NUPlans as active, a zero-dollar budget will be loaded into NUFinancials for FY 2017 even if you do not actively budget on this chart string. To prevent budgeting on a chartstring within NUPlans, you may change the chart string status to Do not budget within NUPlans Web. However, a zero dollar budget may still be loaded through the close and roll process if this chart string is a valid chartstring in NUFinancials. To avoid having a zero dollar budget loaded into NUFinancials, you must inactivate the individual chartfields (Project or Department ID) or the chart string combination through the process managed by ChartField Maintenance.
c. **Summary Views and Reports**

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. An overall summary of the net budget appropriation can also be viewed in the *Allocation Input – Net view*.

d. **Final Review and Upload to NUFinancials**

After your budget submission is finalized in NUPlans and reviewed and approved by your Budget Office analyst, it becomes part of the final University budget to be uploaded into NUFinancials at the end of July. In August, budget reports for FY 2017 will be available through Cognos, in advance of the start of the new fiscal year.

4. **Summary and Resources**

On September 1, 2016, the FY 2017 budgets will be available for expenditure. At this point, the Budget Portal will also be open for FY 2017 budget adjustments, should you need to make changes to the original budget entered in NUPlans.

For questions about the budgeting topics discussed in this document, or about budget policies and procedures that apply to your specific school or unit, please consult your Budget Office liaison (s):

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Information on staff area assignments may be found on the Office of Budget and Planning web site: [http://www.northwestern.edu/budget/](http://www.northwestern.edu/budget/).

Further information on budgeting in NUPlans can be found on the Finance, Facilities, and Research Administration (FFRA) web site: [http://ffra.northwestern.edu/projects/nuplans/](http://ffra.northwestern.edu/projects/nuplans/), including a training presentation on new features for FY 2017 budgeting. Please address technical questions about NUPlans to the IT Support Center: consultant@northwestern.edu.

**Thank you for preparing your FY 2017 budget.**