

The University of Texas Rio Grande Valley

# BUDGET PRIMER

## FY 2023



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## PURPOSE

UTRGV's Division of Finance and Planning in collaboration with Executive Leadership is responsible for developing a long-range financial plan, an annual budget, and a budgeting process that are all transparent, align resources with strategic priorities, and create incentives for structures that support advancement toward university goals. The purpose of this document is to provide an overview of UTRGV's financial budget model, explanation of revenue and expenses, the annual budget process, and roles and responsibilities with the goal of providing readers a shared understanding of key elements and terminology that encompass budget resources, development, and deployment.

## BUDGET MODEL

A budget model is a set of budget-related practices and processes used by an institution to generate its annual budget. Historically, UTRGV has generally used an incremental budgeting model where the current fiscal year permanent budget is used as a base to which incremental budget is added or subtracted from the base amounts to determine the following fiscal year budget. In specific circumstances, zero-based budgeting is performed on specific cost centers or departments as needed. Budgets may also be developed for specific initiatives as warranted. More recently, a pilot activity-based funding model was implemented with summer course offerings to begin looking at a more decentralized and incentive-driven budget model. UTRGV is also exploring Responsibility Centered Management (RCM) budgeting models or a hybrid of to provide a more decentralized budgeting system in the future. During this transition, UTRGV's current model for FY 2023 can be described as a hybrid model that includes incremental, zero-based, and initiative/activity-based budgeting.

## BUDGET GOALS AND PRINCIPLES

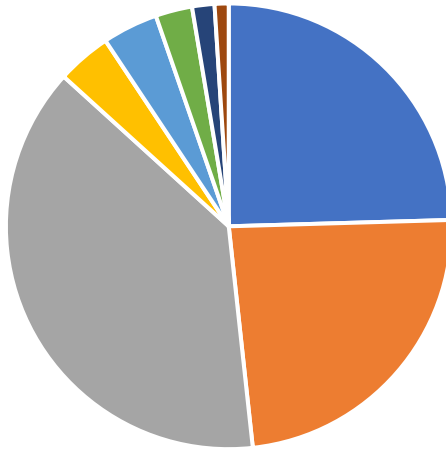
The following budget process goals promote optimal utilization of limited financial resources.

- Link budgeting decisions with the UTRGV's strategic plan.
- Prioritize new initiatives that promote student success, while maximizing revenues.
- Reallocate funds as needed to meet the institution's highest priorities.
- Continue multi-year initiatives that provide salary and wage adjustments for students, faculty, and staff.

UTRGV applies the following budgeting principles that provide structure for the annual budget process and keeps individuals informed about key priorities and objectives.

- The budget process framework promotes and supports financial stability and sustainability while encouraging innovation.
- The budgeting process is committed to fulfilling UTRGV's core priorities.
- The annual budget cycle is clear and consistent, with an established timeline, instructions, and prescribed processes.
- The interrelation of maximizing revenues while managing expenses are central to the budgeting process.
- Enrollment projections are developed and reviewed with input from Strategic Enrollment, the Provost, the Office of Strategic Analysis, Institutional Reporting, Student Success, and Graduate College (Enrollment Projections Team).
- The budget process involves long-term planning, including a 5-year forecast of spending needs, multi-year commitments, new initiatives, and revenue collections.
- Appropriate levels of funding for each school and college to support teaching activities is top priority.
- Unexpended balances (carry-forward funds) from budgets identified to have allowable carry-forward balances are considered part of the budget process.
- Clear goal-setting and established policies on items like the use of recurring and non-recurring revenues, new academic program budgets, and debt guide budget development.
- Operating budget documents include a baseline estimating the cost of continuing all existing programs and activities while considering cost increases, enrollment growth or decline, and other factors that may affect ensuing year budgets.
- Performance monitoring and evaluation of programs informs budget development and stresses accountability of resources.
- **Transparency:** UTRGV maintains its [Annual Operating Budget and Legislative Appropriation Requests](#), and policies/procedures [online](#). Planning and Analysis provides reports, and presents to campus community, including students, as needed.

## FY 2023 REVENUES



Revenue Projections for FY 2023 Budget		
24%	State Appropriations	156,743,589
24%	Tuition and Fees	151,542,631
38%	Sponsored Programs (All)*	245,562,174
4%	Hospital, Clinics, Prof. Fees	25,169,578
4%	Gifts and Other	25,708,725
3%	Investment Income	17,005,738
2%	Auxiliary Enterprises	10,352,959
1%	Educational Activities	6,511,664

\*Includes Pell Grant

Figure 1 FY 2023 Budget: Projected Revenue

The illustration above includes the funding sources available to cover the cost of all operations and activities at UTRGV. A description for each category included in the pie chart above is found in the following sections and includes typical expenses within each category.

### STATE APPROPRIATIONS

The Texas state legislature meets every other year in general session and appropriates funds for the ensuing two fiscal years. Work done by the university before, during, and after these sessions is important to determine an appropriation level of greatest benefit to the needs and operation of UTRGV. The timeline for the legislative budget session is included in Figure 8.

State appropriations provide support to public institutions of higher education primarily through formula funding allocations for instruction, operations, and infrastructure. Funds are used for education and general (E&G) support. Non-formula funding for specific programs or initiatives is also provided. Examples of current non-formula funding for UTRGV are comprehensive research funds, support for new academic programs start-up expenses, first year student success initiatives, Border Economic and Enterprise Development, and the Center for Manufacturing. UTRGV must present current non-formula funded items every biennium to justify continued support and may present new non-formula items to be appropriated by the state each regular session of the

Legislature through the Legislative Appropriation Request (LAR) process.

The [General Appropriations Act for the 2022-23 biennium](#) contains the appropriations for each public college and university in Article III Education, Higher Education Fund. The 2022-2023 appropriation for UTRGV can be found on page III-86. UTRGV receives general academic institutions (GAI) Instructional and Operation (I&O) formula funding. Figure 2 includes the formula funding matrix with I&O funding rate of \$55.66 per SCH and weights by level and discipline used to calculate formula funding. An example of calculation is also included. UTRGV also receives health-related institutions (HRI) I&O formula funding that supports the School of Medicine and eventually the School Podiatric Medicine. The current rate is \$9,622 per full-time student equivalent (FTSE).

For the 2022-23 biennium, UTRGV's GAI state appropriation, including general revenue funds for instruction and operations, infrastructure support, and non-formula support, and comprehensive research support per fiscal year is \$151,914,826. The HRI appropriation including general revenue funds, infrastructure support, and non-formula support for School of Medicine is \$36,923,417. UTRGV's Operating budget includes General Revenue funds from appropriations, \$156,743,589 make up the 24% of the UTRGV's projected revenue for FY 2023 (figure 1).

## INSTRUCTION & OPERATIONS FORMULA FY22 – FY23 (GAI)

**Instruction and Operations Formula:** The Instruction and Operations Formula shall provide funding for faculty salaries, including nursing, department operating expense, library, instructional administration, research enhancement, student services, and institutional support. These funds are distributed on a weighted semester credit hours basis. The rate per weighted semester credit hour for the 2022-2023 biennium is [\\$55.66](#)

	Lower Division	Upper Division	Masters	Doctoral	Special Professional
Liberal Arts	1.00	1.82	4.72	14.74	-
Science	1.38	2.75	7.67	22.30	-
Fine Arts	1.39	2.70	7.49	9.73	-
Teacher Education	1.40	1.91	2.34	8.70	-
Agriculture	1.64	2.33	8.51	15.18	-
<a href="#">Engineering</a>	1.83	<a href="#">2.85</a>	7.28	19.68	-
Home Economics	1.04	1.82	3.65	13.66	-
Law	-	-	-	-	5.56
Social Services	1.63	1.91	2.41	28.72	-
Library Science	2.73	1.99	3.50	16.55	-
Veterinary Medicine	-	-	-	-	22.77
Vocational Training	1.38	3.46	-	-	-
Physical Training	1.54	1.60	-	-	-
Health Services	0.93	1.60	2.72	11.99	3.17
Pharmacy	5.95	4.48	47.05	48.02	4.69
Business Administration	1.13	1.82	3.47	35.95	-
Optometry	-	-	-	-	5.76
Teacher Ed Practice	1.98	2.30	-	-	-
Technology	1.89	2.42	4.86	36.15	-
Nursing	1.35	2.07	2.68	10.71	-
Developmental Ed	1.00	-	-	-	-

Figures 2 I&O Formula 22-23 (GAI)

### Example of Calculation Based on a Matrix with 3 Elements

Semester Credit Hours (SCHs) x matrix weight x funding rate

Base year data is used

Even numbered Summer semester + following Fall and Spring semesters

THECB Cost Study

Allocate costs (direct and indirect) among disciplines and levels based on SCHs

Teaching Experience Supplement

Add 10% for undergraduate classes taught by tenured or tenure-track faculty

Example: ENGR [3301](#) with 25 students

**3 SCH x 25 x 2.85 x 55.66 = 11,897.33**

## TUITION AND FEES

Tuition and fees, net of discounts and allowances, make up 24% of projected revenue for FY 2023. Included in this category are statutory, designated, board authorized, differential tuition, and student fees. Current and historical guaranteed tuition rates by semester credit hour (SCH) for undergraduate and graduate students can be found in the [UTRGV Tuition and Fees](#) webpage.

In addition to tuition, UTRGV students are required to pay mandatory and incidental fees. A list of mandatory fees and current rates per SCH or student can also be found on the [UTRGV Tuition and Fees](#) webpage. Mandatory fees are those that all students must pay upon registering for credit-bearing courses every semester. Funds collected are used to provide very specific services or to offset very specific costs. Incidental fees are not automatically charged to all

students upon registration. These fees are charged only if a student opts for a specific service provided by the university. A list of current incidental fees can be found [here](#).

A core priority for UTRGV is to provide educational opportunities that are affordable. Figure 3 below provided by [UT System's Dashboard](#) includes a per student revenue trend including state appropriations and tuition and fees, net of discounts and allowances, per full-time equivalent (FTE) student for all University of Texas (UT) academic institutions combined. Figure 4 is the same illustration but for UTRGV only. Although the trend for all institutions indicates a steady increase in tuition and fees that are higher than state appropriations, UTRGV's tuition per student FTE has decreased over time and is much lower than all other UT institutions. This is due to UTRGV having one of the highest discounts in tuition, resulting in rates lower than state appropriation per student.

Figure 3: Revenue Trend (All UT Institutions)

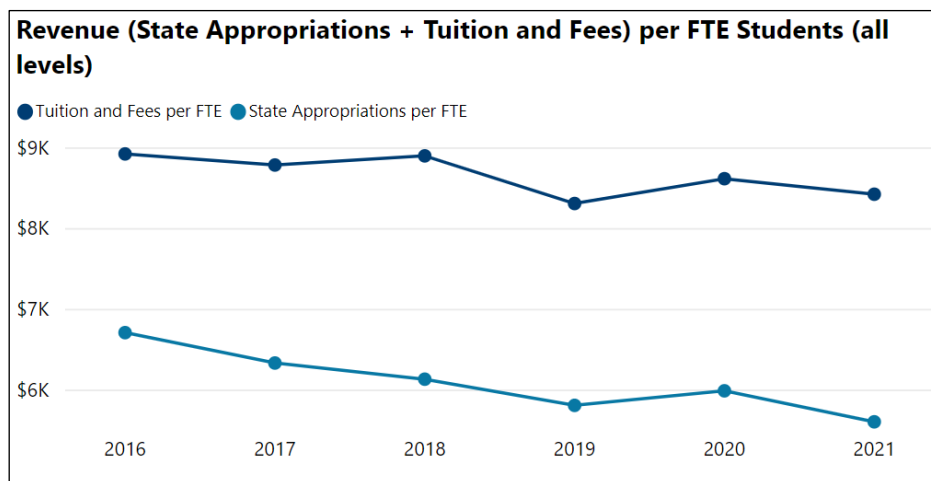
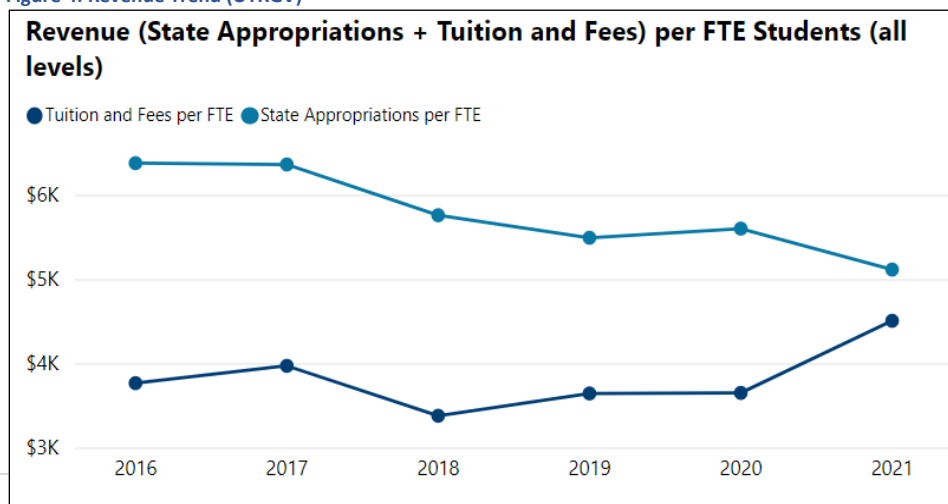


Figure 4: Revenue Trend (UTRGV)



According to THECB’s Integrated Fiscal Reporting System (IFRS), for Fall 2021, the average total academic cost for

UTRGV is among the lowest as compared to other public universities in Texas.

Figure 5: THECB IFRS Resident Tuition Rates

Resident Undergraduate Tuition & Fees (15 Credit Hours)					
1	<b>UT DALLAS</b>	<b>\$8,206</b>	19	Midwestern State University	\$5,069
2	University of Houston	\$6,386	20	Texas A&M University-Commerce	\$5,013
3	Texas A&M University at Galveston	\$6,365	21	University of North Texas at Dallas	\$4,759
4	Texas A&M University	\$6,358	22	Texas A&M International University	\$4,725
5	University of North Texas	\$5,969	23	<b>UT TYLER</b>	<b>\$4,669</b>
6	Texas State University	\$5,925	24	Angelo State University	\$4,655
7	<b>UT AUSTIN</b>	<b>\$5,876</b>	25	<b>UT PERMIAN BASIN</b>	<b>\$4,647</b>
8	<b>UT ARLINGTON</b>	<b>\$5,864</b>	26	University of Houston-Clear Lake	\$4,644
9	<b>UT SAN ANTONIO</b>	<b>\$5,822</b>	27	Texas A&M University -Kingsville	\$4,636
10	Texas Tech University	\$5,734	28	West Texas A&M University	\$4,610
11	Sam Houston State University	\$5,553	29	Texas Southern University	\$4,587
12	Lamar University	\$5,516	30	Texas A&M University -San Antonio	\$4,547
13	Prairie View A&M University	\$5,475	31	Sul Ross State University	\$4,510
14	Texas A&M University -Corpus Christi	\$5,321	32	Texas A&M University -Texarkana	\$4,448
15	Stephen F. Austin State University	\$5,300	33	University of Houston-Downtown	\$4,414
16	Tarleton State University	\$5,264	34	University of Houston-Victoria	\$4,383
17	Texas Woman's University	\$5,166	35	<b>UT RIO GRANDE VALLEY</b>	<b>\$4,284</b>
18	<b>UT EL PASO</b>	<b>\$5,111</b>	36	Texas A&M University-Central Texas	\$3,583

NOTES:

- Amounts represent average tuition and fees charged to resident undergraduate students enrolled in 15 semester credit hours (SCHs).
- For Fall 2021, UTRGV average for resident undergraduate enrolled in 5 SCHs was \$4,284 (6% change).
- UTRGV average cost for entering freshmen students was calculated at \$4,094 for Fall 2019, \$4,471 for Fall 2020, and \$4,782 for Fall 2021.

Source: THECB Public Universities Tuition and Fee Data as reported to the Integrated Fiscal Reporting System (IFRS).

### SPONSORED PROGRAMS (GRANTS & CONTRACTS)

Thirty eight percent (38%) of the revenue projection for comes from externally funded federal, state, and local grants and contracts. This includes federal Pell Grant, research grants, educational grants, and contracts awarded to UTRGV for specific activities. These funds cannot be used to support university general operations, unless specifically approved by a funding agency.

### HOSPITALS, CLINICS, PROFESSIONAL FEES

Four percent (4%) is generated from clinical services and professional fees, mainly from the School of Medicine. Funds are used to support clinic-related activities and to enhance specific services provided by the institution.

### OTHER REVENUE

**Auxiliary Enterprises** are self-supporting units such as Dining Services, Campus Stores, Parking and Transportation, and the University Recreation. The estimated revenue from auxiliary enterprises reflects 2% of the FY 2023 budget.

**Investment Income** represents 3% of UTRGV’s budget. Interest from investment gains from university endowments finance academic support through professorships, fellowships, scholarships, research enterprise, a public service, and/or capital projects.

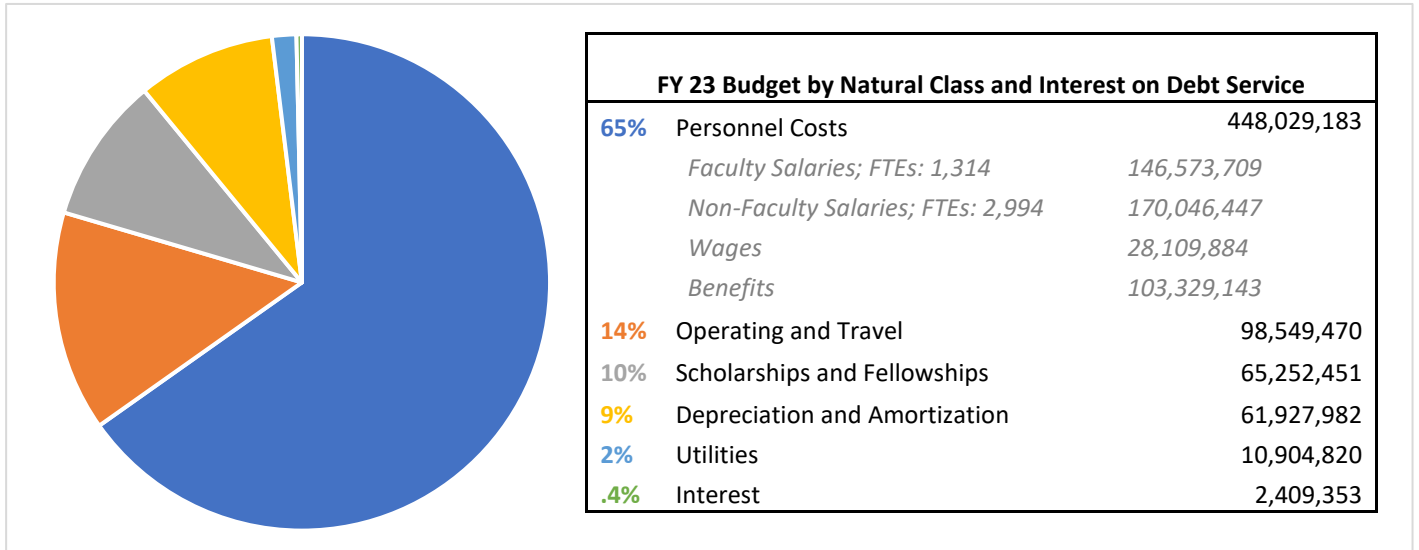
**Educational Activities** are activities that enhance academic experiences for students and the community. Some activities include Continuing Education programs, and the Language Institute. These are self-supporting activities that generate revenue through fees charged for services offered. Revenue projections for in FY 2023 represent 1% of the budget.

**Gifts/Other** represent 4% of the budget. The institution receives gifts and donations through foundations, corporations, alumni, and friends of UTRGV. Funds are used to support academics, to support health-related services, support the research enterprise, and the provide public services.

## WHAT ARE REVENUES USED FOR?

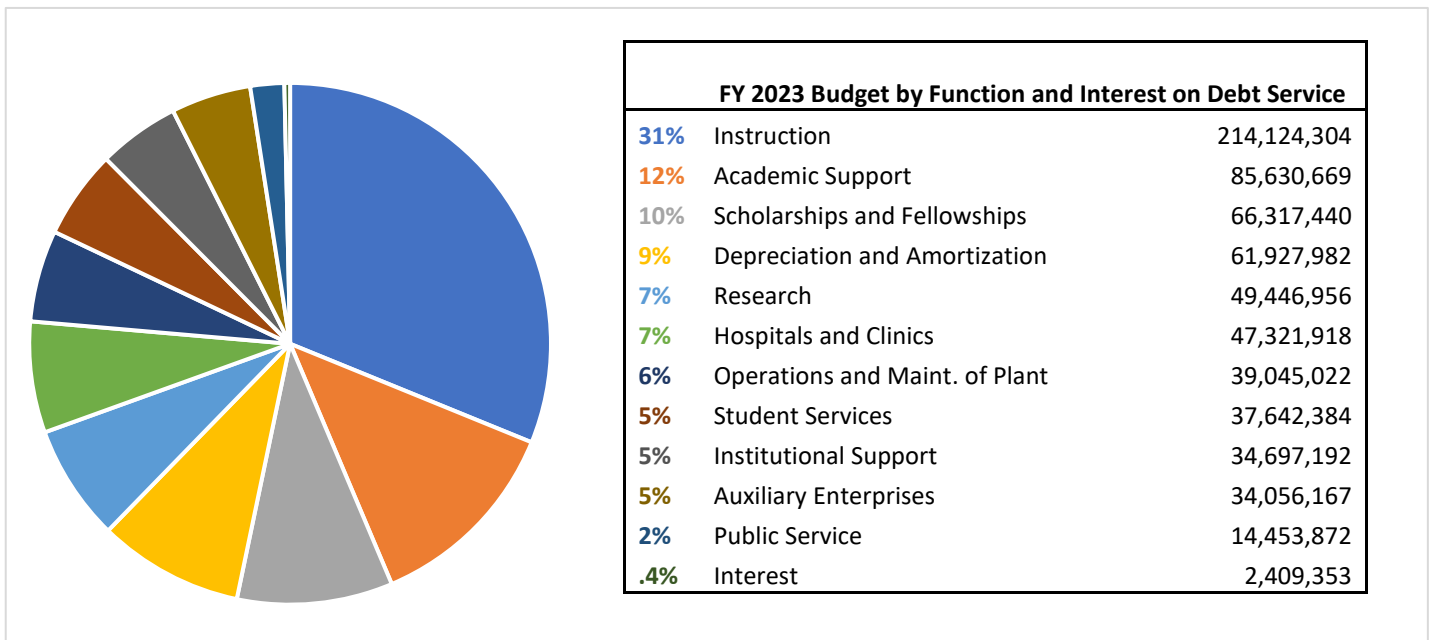
The illustration below represents the institution's budget by natural class categories. It includes estimated expenses from all funding sources presented in the prior section of this document. The total available revenue

supports the costs of personnel, operating, maintenance, travel, scholarships, utilities, and depreciation. The total budget for FY 23 by natural class categories is as follows.



The illustration below includes the same expenses as above but classified according to the functional classifications created by the National Association of College and University Business Officers (NACUBO) to indicate the purpose of the expenditures.

The table on the following page defines each NACUBO classification code along with examples of expenses under each function.



## NACUBO FUNCTION CLASSIFICATION CODES

Function	Description
<b>100–Instruction</b>	Instructional activities associated with academic offerings. Academic department administration (department chair, associate chair), Continuing Education. <b>Examples: Faculty Salaries, M&amp;O for academic departments, Dept. Chair and School Director stipends.</b>
<b>200–Research</b>	Activities specifically organized to produce research, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. <b>Examples: Faculty Start-up Funds, Faculty Salaries separately budgeted for time and effort toward research activities, internal and external restricted research projects, Indirect Cost Recovery (ICR).</b>
<b>300–Public Service</b>	Non-instructional services that primarily benefit individuals and groups outside UTRGV, such as community service activities, cooperative extension services, conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services to sectors of the community. <b>Examples: Community Relations, SARA, Center for Manufacturing, Border Health Office, Public Health Program</b>
<b>400–Academic Support</b>	Support services for the institution’s primary programs of instruction, research, and public service. Includes classroom technology, development of curricula, and academic professional development. <b>Examples: Deans' Offices, Library, Academic Advising, Writing Center, Faculty Success, The Learning Center, Graduate College, Provost Office</b>
<b>500–Auxiliary</b>	Activities that provide goods or services primarily to students, faculty, and staff, and charge a fee that is directly related to the cost of the goods or services. An auxiliary enterprise is managed to operate as a self-supporting activity. Over time the revenues will equal or exceed expenses. <b>Examples include Athletics, Food Services, Housing, Parking, Student Union</b>
<b>600–Student Services</b>	Expenses incurred for offices of admissions and the registrar and activities that, as their primary purpose, contribute to students’ emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. <b>Examples: Admissions, Registrar, Student Life, Counseling Center, Student Success, Financial Aid,</b>
<b>700–Institutional Support</b>	Assistance and support for the administration and operation of the University or a given campus as a whole, as opposed to support of specific programs or units. <b>Examples: President's Office, HR, Planning and Analysis, Purchasing, Payroll, Legal Affairs, Auditing, Government Relations, etc.</b>
<b>800–Operation and Maintenance of Plant</b>	The administration, supervision, operation, maintenance, preservation of physical plant. <b>Examples: Facilities, Utilities, Police, Campus Safety</b>
<b>997–Scholarships and Fellowships</b>	Scholarships and fellowships. Includes <b>financial aid grants, scholarships, tuition and fee waivers, and awards to students.</b>
<b>H99- Hospitals and Clinics</b>	Patient care operations of a hospital, including nursing and other professional services, general services, administrative services, and fiscal services. <b>Examples: Clinical practice plans (School of Medicine)</b>
<b>Depreciation</b>	Expense recognition on long-term assets

## IMPORTANT BUDGET DRIVERS

Below are description of elements and activities that are the main drivers of UTRGV’s budget development cycle, including the state’s legislative sessions, tuition and fee setting cycles, and the THECB Expenditure Study. The illustration below includes the timeline for each of these activities over a typical biennium.

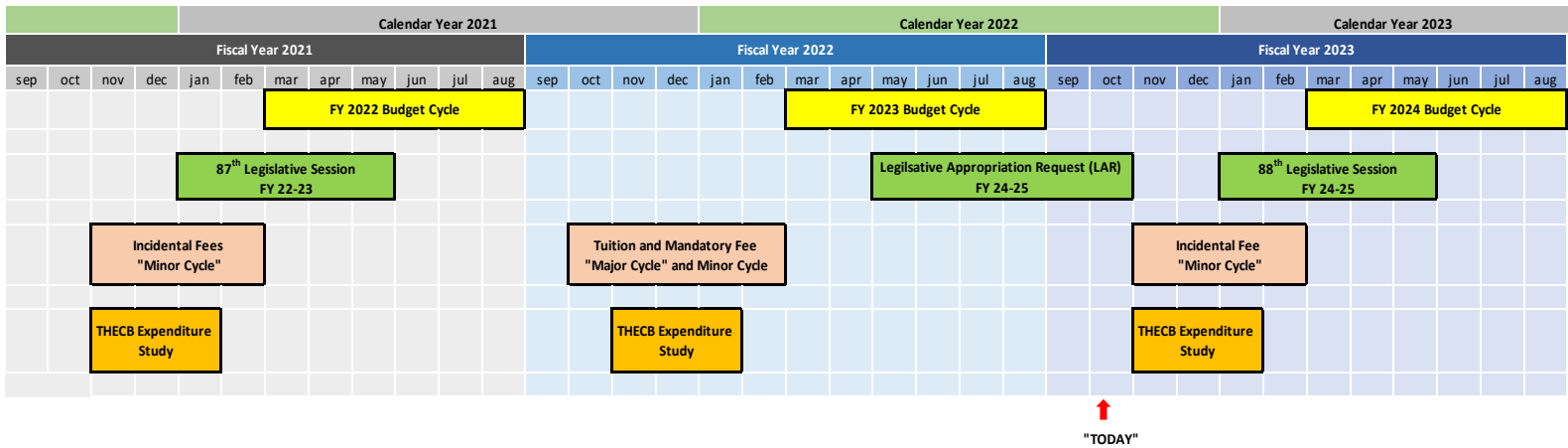
**Legislative Sessions:** The sessions last 140 days and begin at noon on the second Tuesday in January in odd numbered years. Appropriation levels are decided during a given session for the upcoming fiscal year e.g., the 88th Legislature set appropriations for fiscal years 2024 and 2025.

**Expenditure Study:** A study of costs is performed under the direction of the Texas Higher Education Coordinating Board (THECB). The study identifies the relative costs of the various disciplines at the university by student level. These relative weights are then used in the calculations

that form the Instruction and Operations funding formula that appropriates general revenue to the institutions.

**Legislative Appropriations Request (LAR):** This report submitted to the Legislative Budget Board is produced in the months leading up to the Legislative Session. This is the vehicle used to request new non-formula items (referred to as Exceptional Items in the LAR) and funding for buildings via the Capital Construction Assistance Program, formerly Tuition Revenue Bonds (TRBs).

**Tuition & Fees:** Generally, tuition and mandatory fee increases are considered only in years when the legislature is not in session. Changes to tuition and mandatory fee rates require Board of Regents approval. Non-mandatory fee approvals delegated to the president or to UT administration may be considered each year for implementation in the ensuing Fall semester. UTRGV’s [Non-Mandatory Fee Approval policy](#) includes specific instructions for this process.



Figures 8 Timeline for Budget Drivers

In preparation for the ensuing fiscal year and in alignment with [UT System Budget Process and Timeline](#), the Division of Finance and Planning kicks off the annual budget cycle on or about March of every year. In years when appropriations are known (odd numbered fiscal years), the bulk of the work is completed earlier (late May, Early June) vs. a year when the legislature is in session. The cycle ends with the UT System Board of Regents approval of the annual budget in August. The following actions are taken during the annual budget cycle.

### PRELIMINARY PREPARATIONS

Planning and Analysis staff in collaboration with budget coordinators housed in divisions and colleges maintain an annual document with all permanent, post budget changes to ensure the baseline operating budget is up to date and ready for review for the upcoming fiscal year.

Preliminary revenue estimates and available balances are compiled by Planning and Analysis in consultation with staff in the Comptroller's Office and in collaboration with the Enrollment Projections Team.

Based on preliminary revenue projections, the Senior VP for Finance & Planning presents to Executive Leadership an updated 5-year financial plan, a proposed plan for the annual budget based on revenue projections, current baseline budget, and multi-year commitments.

### BUDGET CYCLE KICK-OFF

The budget cycle formally commences with a communication from the President, Senior VP for Finance and Planning (SVPFP) or designee to division heads regarding the priorities, goals, revenue projections, and possible limitations that are specific for the ensuing fiscal year. Shortly thereafter, an email announcement to senior staff in each division is sent by Planning and Analysis with specific budget instructions, a timeline that is consistent with the UT System budget due dates, and information on templates and access to the budget software (currently Hyperion). Each

division head disseminates the instructions and special directives to their respective departments. Planning and Analysis conducts Hyperion trainings, provides assistance, and maintains open communication with assigned colleges and/or departments throughout the process to ensure updates are submitted timely and accurately.

### PROJECT (ACCOUNT) MANAGERS MEET WITH DEANS AND DIRECTORS

Although each division sets its own internal budget timelines and activities, it is expected that Account Managers engage in recurring discussions of budget needs with their respective deans or directors as budget recommendations are developed and promoted through the chain of command.

### DEANS AND DIRECTORS MEET WITH THEIR RESPECTIVE VICE PRESIDENT

Division heads are given great latitude in their approach to arriving at their budget recommendations. Generally, deans and directors communicate with their respective divisional Vice Presidents with recommendation of reallocation of funds and/or new initiatives that may require additional resources.

Division senior staff work with staff in Planning and Analysis to update operating budget templates with all reallocations of funds. Planning and Analysis uploads all reallocations into budget software (Hyperion). New initiatives are submitted to executives for review.

### DRAFT BUDGET EXECUTIVE MEETING

UTRGV executives meet to review budget status including ways in which the budget will be balanced as requests, needs, and commitments routinely exceed available funding. These meetings occur as needed.

### BOARD OF REGENTS RELEASE BUDGET POLICIES

The University of Texas - System Board of Regents budget policies include a timeline for budget development and guidance on salary and other increases.

## **UT-SYSTEM ADMINISTRATION ISSUES BUDGET INSTRUCTIONS**

The UT-System administration issues budget instructions and information such as assessments to the UT institutions for shared costs, workers compensation rates, unemployment compensation insurance (UCI) rates. A detailed budget timeline as well as a listing of special reports and schedules to be submitted as part of the budget development process is included in these instructions.

## **UT-SYSTEM RESOURCE ALLOCATION HEARINGS**

UTRGV executives meet with UT-System administrators via videoconference.

There are two key elements associated with the hearing, (1) discussion of a summary pro-forma institutional budget and (2) responses to a series of questions distributed by UT-System ahead of the meeting. The meeting allows the institution to alert UT-System administrators of relevant information and/or items of concern. UT-System administrators in turn provide guidance and alert the institution of any statewide and/or system-wide issues.

Depending on the issues raised in any given year, supplemental guidance may be communicated to UTRGV account managers, directors, and others involved in the budget process on campus.

## **REQUESTED FUNDING LEVELS ARE ASSESSED**

If new initiatives are to receive new funding, requests are submitted through the divisional head to Planning and Analysis with final recommendation. Planning and Analysis office reviews for accuracy, positions are assessed for conformity to correct salary level and job classification, and an assessment made on the overall impact of the requests to the institution and projected revenue. Special reports and analysis are generated as requested by the UTRGV executive leadership. In this step coordination between various departments, most commonly Planning and Analysis, Comptroller's Office, Human Resources, and staff in the respective division is often required. Approved requests are entered in budget software.

## **FUNDING LEVELS ARE FINALIZED**

Planning and Analysis staff provides the SVFPF with summary information along with the progress on balancing the budget. The SVFPF presents plans to the

president, executive leadership, or others to arrive at a final budget. This communication is iterative with updated information provided until the budget is balanced.

## **DRAFT BUDGET SUBMISSION TO UT-SYSTEM**

The draft budget is submitted to UT-System for review along with various supplemental reports. It is important that the draft budget be close to final as subsequent changes are discouraged by UT-System.

## **DRAFT DEPARTMENTAL BUDGETS WITH FINAL FUNDING LEVELS ARE DISTRIBUTED**

Budget contacts for each division may, at their discretion, run reports from the Hyperion system to share project budgets with department heads in their respective division. Although discouraged at this point, changes can be made for extenuating circumstances or errors found.

The primary purpose of this review is for correctness of technical matters i.e. ensure that titles, names, and salary levels are correct and ensure that employees have not been left off the budget document. It is not an opportunity for unit managers to reiterate their case for approval of their budget requests. Funding level concerns are addressed through the chain of command.

## **UT-SYSTEM BUDGET ADMINISTRATORS & UTRGV TECHNICAL REVIEW OF DRAFT BUDGET**

The UT-System staff and senior Planning and Analysis staff meet to discuss the draft budget via teleconference. Problem areas, corrections, needed adjustments, and clarifications are discussed. At this point the UT-System staff may request additional information on selected areas of interest.

## **FINAL BUDGETS ARE SUBMITTED TO UT-SYSTEM**

The final budget is submitted to UT-System, along with updated supplemental schedules.

## **BUDGETS DELIVERED TO REGENTS**

UT institution budgets along with supplemental reports prepared by the UT-System staff are made available to each regent by the UT-System comptroller's office.

## UT-SYSTEM BOARD OF REGENTS CONSIDER BUDGET APPROVAL

The UT-System Board of Regents, after reviewing the budget documents and associated summary reports, consider approval of the proposed budgets for the UT institutions.

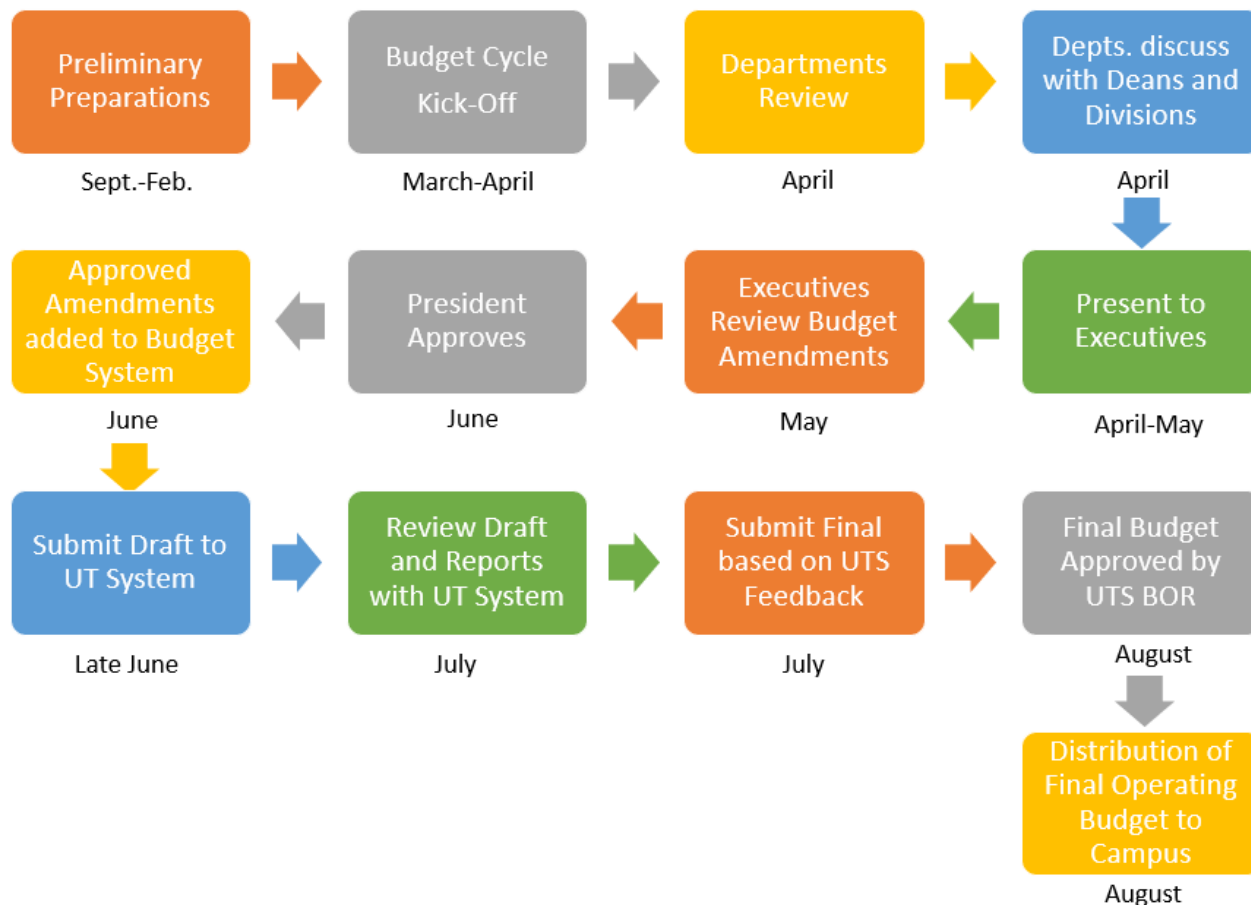
## DISTRIBUTION OF FINAL OPERATING BUDGETS

Operating budget documents are distributed to divisional and college budget coordinators for distribution within their areas. Copies may also be provided to select individuals and departments with critical roles in institutional financial management such as the loading of budget information into the ERP system e.g. Comptroller’s Office, Human Resources Office, Procurement, etc.

Copies of the final summary and detail budget documents are sent to the University Library for reference by the media, public and the university community. The summary budget document, which is the official budget, is also published on the University’s Reports to State webpage. Downloadable final budget book, in PDF format, is also made available on the UTRGV Planning and Analysis [website](#).

The Hyperion budget application remains open for inquiries by budget administrators within each of the divisions throughout the year.

## BUDGET TIMELINE



## ROLES AND RESPONSIBILITIES

The budgeting process involves a significant number of individuals across the institution and work that is required year-long. A condensed list of roles and responsibilities is provided below.

Constituent	Responsibility
<b>Department Account Managers</b>	<ul style="list-style-type: none"> <li>● <b>Budget Development:</b> Assist in the development and communication of strategic initiatives and proposed budget reallocations and/or budget changes to the Dean or Director and college or division budget contact during the annual budget update period possible inclusion in upcoming year.</li> <li>● <b>Budget Oversight:</b> Throughout the year, manage approved budgets, ensure funds are utilized for approved intended purpose, monitor outcome of new initiatives, identify areas of need for following year.</li> <li>● Annual budgets for operating and travel are to be used to support departmental needs at the discretion of the cost center manager.</li> <li>● Review balances with reconcilers monthly and communicate issues with appropriate budget contact within the department, college, or division.</li> <li>● Review needs for upcoming fiscal year and communicate needs with dean and budget contact.</li> </ul>
<b>College and Division Budget Coordinators</b>	<ul style="list-style-type: none"> <li>● Attend budget meetings and training sessions.</li> <li>● As required, coordinate the development and input of approved budget changes into budgeting tool and/or spreadsheets provided by Planning and Analysis.</li> <li>● Assist Department Chairs, Directors, Deans, or VPs with detailed budgets for development of strategic initiatives and budget requests and assist with input into operating budget template/ budgeting tool.</li> <li>● Review monthly balance listings to assist college or department account managers with ongoing review of approved budget throughout the year.</li> <li>● Communicate issues with assigned P&amp;A staff “budget buddies”.</li> </ul>
<b>Planning and Analysis Staff “Budget Buddies”</b>	<ul style="list-style-type: none"> <li>● Staff within Planning and Analysis assigned to specific areas across institution to assist college and division budget contacts with any type of budget-related activity during annual budget update period and throughout the year. The current “Budget Buddy” assignments are listed in the Office of <a href="#">Planning and Analysis Staff Listing</a>.</li> <li>● Provide monthly balance listing by cost center (account) to College and Division Budget Coordinators for review.</li> <li>● Maintain post budget permanent changes for inclusion in upcoming fiscal year baseline budget.</li> <li>● Provide guidance on <a href="#">budget revisions</a>, <a href="#">position control</a>, and other budget related questions as needed.</li> </ul>

<b>Deans and Directors</b>	<ul style="list-style-type: none"> <li>● Develop and communicate college and department budget parameters for annual budget update</li> <li>● Assist in the completion and approval of budget planning and decision documents.</li> <li>● Develop strategic new initiatives for budget consideration.</li> <li>● Communicate with Provost and/or divisional Vice Presidents reallocation of existing resources and new budget requests for consideration.</li> </ul>
<b>Provost and Vice Presidents (Division Leaders)</b>	<ul style="list-style-type: none"> <li>● Coordinate the development of budget review and requests within division.</li> <li>● Develop and communicate School/Division/Department-level expense and budget targets.</li> <li>● Assist in the completion and approval of budget planning and decision documents.</li> <li>● Present budget requests to executive leadership.</li> </ul>
<b>Finance &amp; Planning</b>	<ul style="list-style-type: none"> <li>● Develop budgetary assumptions based on revenue projections and expense forecasts for the upcoming fiscal year to be utilized by Executive Leadership to determine budgetary parameters</li> <li>● Lead discussions and process for tuition and mandatory fee changes and non-mandatory fee requests.</li> <li>● Coordinate the budget process, including ongoing development, training and communication of process changes, budgeting tools, timelines, and new funding requests.</li> <li>● Consolidate school/division budgets with proposed budget adjustments and enhancement requests, and overall balances into a comprehensive institution-wide summarized budget for executive leadership review.</li> <li>● Provide training during budget cycle and throughout the year.</li> <li>● Develop draft budget, budget reports, and budget highlights for submission to UT System.</li> <li>● Present budgetary assumptions and proposed budget adjustments to executive leadership.</li> </ul>
<b>Executive Leadership</b>	<ul style="list-style-type: none"> <li>● Set budget parameters for upcoming fiscal year.</li> <li>● Communicate budget expectations with senior divisional leadership for further communication within each division.</li> <li>● Review, discuss and recommend initiatives, produced from the budgetary review process, for the President's consideration</li> </ul>
<b>President</b>	<ul style="list-style-type: none"> <li>● Review, revise, and approve the institution's budget.</li> </ul>
<b>Board of Regents</b>	<ul style="list-style-type: none"> <li>● Review and approve final institution-wide budget.</li> </ul>

## IMPORTANT BUDGET POLICIES, GUIDELINES AND BEST PRACTICES.

### END OF YEAR CARRYFORWARDS AND SWEEPING OF BALANCES

End of year cost center (account) balances and whether departments can carry over fund balances from the current fiscal year to the next is dependent on the source of funding in each individual cost center or grant project.

Generally, cost centers that are funded from state appropriations and tuition are considered annual budgets and as such, end of year balances are lapsed to original funding source. A few exceptions are made for specific allocations, such as faculty start-up funds and funds for equipment purchases.

The following are examples (not a comprehensive list) of cost centers that may roll over balances to the ensuing year: 1) Indirect Cost Recovery funds, 2) revenue generating departments, 3) gifts/donations (unless specified by donor), 4) sponsored projects (as specified by funding agency), 5) [incidental fee balances](#) within allowed parameter following policy. and 6) incentive funds.

Discretionary funds are allocations that can be utilized for non-funded initiatives that support students, faculty, and staff. Summer incentive distributions and special projects cost centers are considered discretionary funds.

To assist with identifying whether departments are allowed to roll over available balances to the ensuing year, Planning & Analysis provides a monthly operating budget overview with specific information on which cost centers carry forward budget. The report includes balances to assist budget coordinator with timely review.

### SALARY SAVINGS FROM VACANCIES AND SALARY RESERVES

Based on revenue and budget projections for FY 2023, salary savings from vacancies and unused salary reserves will be temporarily swept.

A&P and Classified realized salary savings will be swept each month, starting with October close. Funds

for new hires will still be available. Permanent reductions to positions to fund other positions are allowed but cannot be left below minimum. Funds cannot be moved out of wage budgets; they can only be moved within B1200, B1210, and B2100-TA Salaries and from one cost center to another cost center. Wages cannot be used for salary adjustments, scholarships or operating. Wages will not be swept. Staff Reserves will also be swept, but funds will be allocated as needed.

Faculty salary savings will also be swept but only after colleges reallocate funds for part-time faculty, one-year appointments, overloads, and other temporary instruction assignments for the Fall semester. Funds will be allocated for the Spring semester for temporary instruction needs. Overall, Colleges must spend only up to the original budget approved for FY 2023.

### COST SHARES AND GRANT BUYOUTS

Cost sharing is a portion of a sponsor project's costs paid with university resources. Following UTRGV HOP Policy [ADM 07-302](#), the university maintains separate accounting records on all approved cost sharing. Cost share cost centers are created within the same fund group as the funding source. Budgeting for cost share cost centers must occur in a timely manner to ensure reporting is accurate for both the university and to external project sponsors. It is the responsibility of the project manager, grant accountant, and staff assigned to assist with finances related to each grant to 1) identify appropriate source of funds for the cost share, 2) ensure a separate cost center is setup for cost share commitments, 3) transfer budget into to the cost share cost center in a timely manner, and 4) monitor expenses throughout the year to ensure monthly balances and expense activities are accurate.

A grant buyout refers to the transfer of an existing university expense to a sponsored project as approved by the sponsor and appropriate university personnel, i.e., a grant paying for a portion of a faculty salary. The proper process to transfer costs to

and from grants is explained in UTRGV HOP Policy [ADM 07-303](#).

### **FACULTY START-UP'S**

Faculty start-up funds are recommended at time of hire and approved by the appropriate dean and the Provost. Start-up funds are provided to new faculty hires, usually tenured and tenure-track, for research and faculty development support. Support can be provided for a single year or for multiple years, as approved by each respective dean. Generally, funds are provided for 1 to 3 years and include requests for research equipment, materials and supplies, faculty development, travel, and graduate assistants. The timeframe to spend down start-up allocations is set by each college. Therefore, cost centers are set up in Designated fund group, series 3100, to ensure end-of-year balances roll forward to ensuing year. It is highly recommended that a cost center is set up for each faculty member that receives a start-up allocation to easily track balances. Each college dean's office is responsible for reviewing balances.

Faculty start-up allocations are specific to the needs of the faculty to support their research. As such, amounts vary person to person. Funding may be provided by the Dean, Provost's Office, Division of Research, or external funding, if available. The Provost's Office provides a [template](#) for faculty start-up requests.

### **NEW ACADEMIC PROGRAM BUDGET DEVELOPMENT**

Since the creation of UTRGV, as of Fall 2022 a total of 26 new academic programs have been developed and approved, including 8 doctoral. Estimating revenue and program-related expenses for the initial 5 years of the program is an important part of the new academic program submission and approval process. The Texas Higher Education Coordinating Board (THECB) provides templates for submitting new academic programs proposals that include 5-year start-up revenue and expense projection tables. THECB also provides an additional estimation tool

spreadsheet to assist institutions with calculating revenue.

Planning & Analysis assists academic departments with the development of new academic program financials early in the development process and is also a member of the New Program Development Team to assist in the review and assessment of viable programs submitted for consideration.

In addition to the tools provided by THECB for new program revenue and expense projections, Planning & Analysis provides a pro forma template that calculates projected revenue and direct and indirect expenses based on estimated enrollment and budget submitted by the requesting academic departments and provides feedback on balancing revenue and expenses. Net operations cost and contribution margin in pro forma are reviewed by the Division of Finance and Planning & the Provost to ensure the program is self-sustaining through its own revenue generation after the initial years of the program. New programs usually begin contributing to formula funding after the second or third year from when enrollment begins. Therefore, a program should generate sufficient revenue through tuition, formula funding, and/or external funding after its second or third year.

Once a program is approved, the 5-year revenue and expense estimates are included in the institution's long-term financial planning documents and are reviewed during the annual budget cycle by Planning & Analysis, College Budget Coordinators, and appropriate Department Chair or School Director, Dean, and as needed with the Provost, to compare proposed revenue and expenses with actual enrollment and actual budgetary need for the ensuing year. Budgets are then aligned for the following year based actual program needs, considering all budgetary restrictions for the ensuing year.

## BUDGET "BUDDY" CONTACTS AND COMMUNICATION FLOW REGARDING BUDGET

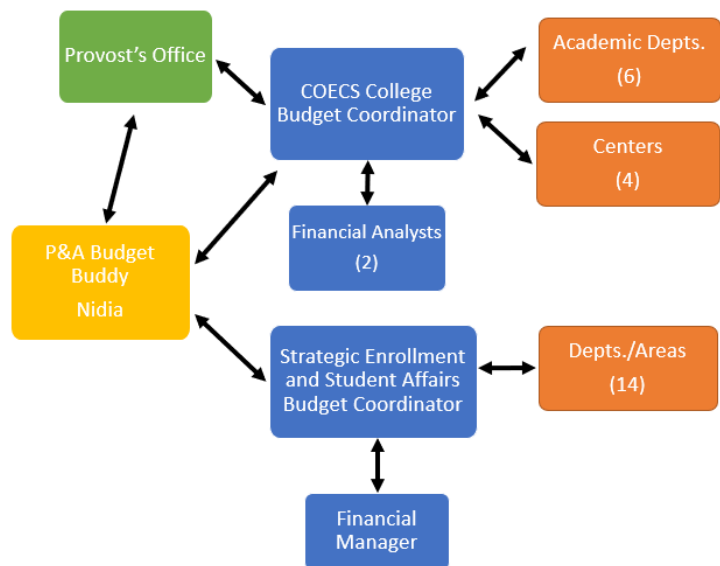


### Planning and Analysis Budget Buddies

Unit	Unit Budget Coordinator	P&A
College of Business and Entrepreneurship	Michael Ramos	Magda Rangel
College of Liberal Arts	Monica Denny	
School of Medicine	Melba Sanchez	
Institutional Advancement	Jessica Peña	
School of Podiatry	David Mendoza	
College of Science	Dorian Garcia	Mariely Gray
Administration Support Services	Laura Adame	
Finance & Planning	Mariely Gray	
College of Engineering & Computer Science	Lisa Gonzales	Nidia Garcia
Strategic Enrollment & Student Affairs	Nicole Luna	
College of Education and P-16 Integration	Kayla Reyes	Jacob Gracia
President (including Athletics)	Silverio Nieto	
Research	Rosalinda Salazar	
Student Success	Mauricio De Leon	
College of Fine Arts	Mirna Villarreal	Aide Trejo
Governmental & Community Relations	Gilbert Perez	
School of Nursing	Claudia Dole	Antonio Rodriguez
School of Social Work	Claudia Dole	
College of Health Professions	Sandra Guajardo	Frances Rivera
Executive Vice President & Provost	Eduardo Gutierrez	Marcy de Leon

Staff within Planning and Analysis assigned to specific areas across institution to assist college and division budget contacts with any type of budget-related activity during annual budget update period and throughout the year.

#### Example:



This example illustrates the flow of communication for budgetary-related information between the Office of Planning and Analysis Budget Buddy with assigned Unit Budget Coordinators and respective division offices. Along with the responsibility of the unit(college) budget coordinator to communicate further with departments, while also keeping divisional offices informed.