



# FY 2016-17

## UC BERKELEY Q1 FLASH FORECAST GUIDELINES & ASSUMPTIONS

This document provides information specific to the FY16-17 Forecast. It is not a comprehensive budgeting document and should be used in conjunction with the FY16-17 Budget Decision Letter, the FY16-17 Budget Guidelines and the Campus Budget Call Letter. It provides guidance to Divisions for the FY17 reforecast process, including key dates, modifications to planning assumptions, contextual information, and links to helpful tools and resources.

As we continue to strengthen our budget cycle, optimize our strategies, and enhance our financial planning systems and tools, the Campus is optimistic we are on a path to financial sustainability and maintenance.

# UCB Q1 Flash Forecast Guidelines & Assumptions

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# FY17 Q1 Flash Forecast Process & Instructions

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## I. Overview and Goals

The purpose of this document is to provide guidance for the FY17 Q1 Forecast process, including key dates, planning assumptions, contextual information, and links to helpful tools and resources. We hope it is helpful and welcome feedback and suggestions.

### a. Ongoing Working Assumptions

- Each Division will be able to accomplish a divisional Q1 Forecast, engaging with unit leaders to review and update plans and targets established as part of the FY16-17 Operating Budget.
- Divisions will continue to improve the quality and accuracy of budgets and forecasts. They will establish DeptID level budgets and adjust forecasts at the appropriate level, regularly monitor them against actual performance, and signal that action should be taken if actual performance is not as expected.
- Divisions will adjust their forecast for material seasonality and will be recorded in line with accrual based accounting principles and timing.

### b. FY17 Q1 Forecast process – Campus and Division Goals

- Fortify our Financial Strength
  - Implement a portfolio of revenue generating and cost containment initiatives to improve our financial position and prepare for potential exogenous shocks. Emphasize a culture of philanthropy.
- Manage data-informed decisions
  - Focus on the holistic trends presented by our budgets and variance analysis in comparison to actuals. Understand the implication of these trends, take appropriate actions and adjust budgets and plans accordingly, reducing the variance quarterly.
- Ensure our current resource allocations work harder
  - Strategy drives budget! Place a new focus on reallocation in this tight financial environment, so that our current assets work in the right places, and support strategic shifts and trade-offs.

These goals will be easily achievable for some Divisions and more challenging for others. For Divisions that already have well-defined budget processes, the goal will be to continue optimizing the alignment between strategies and resource allocation decisions.

The following illustrates the Office of the CFO's strategies for FY17:

- Achieve financial strength
  - Align financial resources to Campus strategies.
- Simplify processes
  - Standardize and simplify policies, business processes and internal controls for campus partner satisfaction, greater efficiency and compliance.
- Build a service oriented model of campus engagement
  - Engage campus partners through adoption, acceptance and satisfaction of applications, processes and tools.
- Leverage data for strategic decision making
  - Leverage and institutionalize financial, academic and human resources data sets for strategic decision making.
- Promote collaboration and professional development
  - Build and maintain a culture of collaboration and continuous professional development that supports accountability, engagement and opportunity.

### c. Changes and Refinements specific to the FY17 Q1 Forecast Process and Systems

- **CalPlan System Enhancements and Changes** (More detailed information can be found in the upcoming

CalPlanning release notes either through user email announcements or the CBO website <http://budget.berkeley.edu/systems/calplanning/updates>).

- The Q1 Forecast will not include a data refresh from Human Capital Management (HCM) to Human Capital Planning (HCP) to preserve the work already completed as part of the FY17 Operating Budget. Employee and Position data was copied into the forecast directly from the FY17 Operating Budget Final version. We anticipate refreshing from HCM in the winter as part of the FY17-18 budget process.
- Campus Shared Services (CSS) assessment and automatic calculation have been removed from the FY17 Operating Budget and FY17 Forecast.
- Composite Benefit Rates (CBR) will be updated to the approved amounts in FY17 Forecast Working as part of the October Release to allow Divisions to incorporate the impact of this change into their Q1 Forecast.
- New Reporting Requirements for the Q1 Forecast
  - FY17 Q1 Flash Forecast Trend and Variance Reports
  - FY17 Q1 Flash Forecast - Summary of Changes Narrative
- Focus on Operating Transfers
  - Divisions should be reconciling Operating Transfers by account to ensure they net to zero where appropriate.
  - The Operating Transfers job aid can be accessed at <http://budget.berkeley.edu/systems/calplanning/fy2016-17-budget-process-tool-training-sessions/job-aids> under "General CalPlanning References".
- Budget process Toolkit and Internal Divisional Budget Template
  - The Toolkit can be accessed at <http://budget.berkeley.edu/budget-process-toolkit>.
- Training
  - Training classes are available. The class description and schedule can be found at <http://budget.berkeley.edu/systems/calplanning/tooltraining>.
- Temporary Academic Support for Increased Enrollment
  - The Q1 Forecast will be updated to include any additional central funding Divisions will receive related to increased enrollment.
- Timeline
  - In order to leverage work completed as part of the quarterly reporting process, the FY17 Q1 Forecast will be due on November 15, 2016.
- Recharge
  - Divisions should update their forecasts to incorporate new FY17 recharge rates where the change is material. Recharge rates were approved as part of the FY17 Operating Budget Process and can be found at <http://budget.berkeley.edu/recharge-information>.

## II. Timeline

### a. FY17 Q1 Forecast Calendar

Each Division needs to complete their FY17 Forecast in HCP and CalPlan, and submit the Forecast Updated Narrative and Forms by **November 15, 2016**. Divisions should build internal timelines based on the campus deadlines.

| Time | Milestone | Level | Activity |
|------|-----------|-------|----------|
|------|-----------|-------|----------|

|                      | Time                  | Milestone   | Level           | Activity   |
|----------------------|-----------------------|---|-----------------|--|
| <b>FY17 Actual</b>   | Oct                   | Q1 in CalPlanning / Quarterly Reporting Deadlines           | Campus          | 10/12 Final September Actuals loaded to CalRptg<br>10/13 Quarterly Reporting Packages sent to Divisions<br>10/18 September Actuals loaded to CalPlan & HCPRptg<br>10/27 Q1 Quarterly Reports variance analysis due to campus   |
| <b>FY17 Forecast</b> | 10/20                 | Summary Narrative / Trend and Variance Reports / Guidelines | Campus          | CBO publishes FY17 Flash Forecast Guidelines, Summary of Changes Narrative, SmartView Trend and Variance Reports. These documents are available on CBO's website <a href="http://budget.berkeley.edu/budgetprocess">http://budget.berkeley.edu/budgetprocess</a> .         |
|                      | Sep-Nov               | Training  | Campus          | Tool training offered  |
|                      | 10/28                 | CBR update to FY17 Forecast Working                         |                 | CBO and Divisions can use this timing to gauge the impact of the change to CBR to assist in planning for updates to their final forecast submission.   |
|                      | Present through 11/15 | Forecast Preparation  | Division        | DFLs must review, synthesize, and present updates to forecast to Dean/VC for approval. Dean/VC is ultimately responsible for ensuring the consolidated Divisional budget in CalPlan and Updated Narrative submission is accurate, and links to their strategies and goals. |
|                      | 11/15                 | <b>Forecast Due</b>   | <b>Division</b> | <b>Deadline for FY17 Q1 Forecast, Summary of Changes Narrative and SmartView Trend and Variance Reports; Email submission to Maya Woodson Turman at <a href="mailto:mwoodson@berkeley.edu">mwoodson@berkeley.edu</a></b>   |

## b. Forecast Review Process

Each Division is responsible for reviewing and submitting forecast data in CalPlanning, the Summary of Changes Narrative, and SmartView Trend and Variance Reports to Maya Woodson Turman at [mwoodson@berkeley.edu](mailto:mwoodson@berkeley.edu). The forecast review team will follow-up with each Division directly with any clarifying questions before submission of the revised forecast to the Finance Committee. This review will be collaborative and Divisions should expect to work with the forecast review team to address questions and issues, and to prepare for any Finance Committee review. Any material changes to the Forecast not previously discussed or requested by the Finance Committee will first need to be discussed with the AVC-CFO, Rosemarie Rae before being included in the forecast.

## III. General Forecasting Guidelines

While UCB remains challenged by the changing economics of higher education, we believe that with rigorous budgeting and financial management the campus will continue to thrive. Berkeley's process for determining resource allocations is evolving given the increased pressure on our resources. For the FY17 Q1 Forecast, Divisions are expected to reallocate their own resources to help achieve their key strategic objectives.

The following is a summary of the updated narrative and various forms for the FY17 Q1 Forecast process:

### Summary of Changes Narrative:

The Summary of Changes Narrative is focused on updating the Finance Committee on the material changes in your plan

### Forms:

- **FY17 Q1 Flash Forecast Trend and Variance Reports**
- **FY17 Q1 Flash Forecast - Summary of Changes Narrative**

Divisions should bear the following principles in mind when budgeting:

- **Flash Forecast** – This is not a budget rebuild exercise, but rather an update to your in-year plan.
- **Composite Benefit Rate (CBR)** – We will automatically update your FY17 Forecast for the actual approved CBR which will allow you to consider the impact of this change on your plan.
- **Consider Materiality** – The Forecast and Operating Budget are plans used to inform strategic decisions and should not be used to recreate actual activity dollar-for-dollar. Adjustments to your FY17 Forecast should only be made for major

initiatives that may impact strategic decisions within the division or will impact the ability for the campus to meet its financial goals.

- **Level of Adjustments** – As the FY17 Forecast will be used to inform strategic decisions, adjustments should be recorded at the appropriate level of the organization for which the decisions will need to be made or realized and where the fiscal responsibility lies (e.g. if fiscal responsibilities lies with the department manager who is located at the L4 or L5 level, then adjustments should be captured at that level).
- **Adjusting for Seasonality** – If material variances related to seasonality were identified in your Q1 variance analysis, we expect each division to adjust their FY17 Forecast to account for that seasonality by quarter, in the most efficient way possible. Historical seasonality should be reviewed for appropriateness based on proper accounting treatment.
- **Accrual Based Accounting** – Timing for the recognition of revenue and expenses should be based on when the revenue is earned and the expense is incurred (e.g., to the extent that tuition revenue is associated with a specific time period and/or crosses fiscal periods it should be accrued or deferred accordingly).
- **Budget process Toolkit** – The CBO will continue to build upon and provide the Budget process Toolkit for FY17. We encourage Divisions to create a budget process that is meaningful and effective given the nature of their organizations. The Toolkit represents a recommended best practice that will help to guide divisions in the development and implementation of a robust internal budget forecast process. The Toolkit will include timelines, tactics, templates and other supporting materials that are easy to access and use. The budget process Toolkit will also serve as a reference and approach to working with units on campus during the budget process. The Toolkit is located electronically on the Google drive which can be accessed via the bConnected link on the CBO website <http://budget.berkeley.edu/resources/sharedfiles>.

#### IV. Planning Assumptions and Table of Accounts

The CBO recommends certain budget assumptions be used when budgeting in CalPlanning, unless a Division has more specific information regarding their individual situation.

Below are central planning assumptions by major account categories. If no assumption is given, Divisions should plan for known items and trends. The table does not include accounts that are for Central Use Only, or those which are no longer in use. When not certain of an account description, Divisions may find it useful to refer to account long descriptions which are located at: <http://www.bai.berkeley.edu/BFS/BudgetGL/coaReportsDownload.htm>.

| Category                     | Account Codes                                    | Discussion  |
|------------------------------|--|---|
| <b>General</b>               |  |   |
| Administrative Full Costing  | Plan net amount in Sales and Services Revenue    | Assume 9% assessment rate for sales and services revenues.  |
| Philanthropic Assessment     | Plan net amount in Private Gifts for Current Use | Assume 5% assessment rate for donor gifts received and 10.5% for research gifts.  |
| Compensation Expenses        | Academic/Staff Salaries & Wages                  | Assume 3% growth rate over FY16 for faculty and staff salaries. No incremental funding for salaries or associated benefits will be provided for non-ladder-rank faculty or staff.               |
| General inflation assumption | Non-Compensation Expenses                        | No inflation assumptions have been centrally built into the FY17 Operating Budget or Forecast for non-compensation expenses. Local knowledge should inform growth in non-compensation expenses. |

##### a. Revenues

###### Net Tuition & Fees

Divisions are responsible for budgeting Miscellaneous Student Fees, Course Materials Fees, Professional Degree Supplemental Tuition Fees, Self-Supporting Graduate Professional Degree Program Fees, and other fees that are received by the Division.

## Contracts & Grants

- Contracts & Grants Revenue

Contracts & Grants Revenue should be budgeted to appropriately offset expenses on the C&G fund layer. The goal here is to show a \$0 change in net assets for the C&G fund group in a Division's plan submission.

### Private Gifts for Current Use

*440xx – Private Gifts for Current Use-Plan:* This plan-account is used to plan private gifts, including UC Berkeley Foundation (UCBF) endowment and Fund Functioning as an Endowment (FFE) annual payout.

For revenue planned in Private Gifts, which includes annual fund and other current use gifts, Divisions should base their budgets on trend analysis and/or specific knowledge of anticipated gift payments (including outright gifts and pledge payments). Private gifts received by Divisions should typically be planned for in the "Restricted Gift" Fund Type.

With respect to UCBF endowments and FFEs, DFLs should adjust their Q1 Forecast based on the actual FY17 payout if the difference is materially different from what they included in the FY17 Operating Budget.

UCBF's Investment Policy Statement can be found at

<http://www.berkeleyendowment.org/wp-content/uploads/Investment-Statement-Policy-revised-Feb-20151.pdf>.

### Investment Income

This revenue category primarily accounts for Short Term Investment Pool (STIP) earnings, which is analogous to interest earned on the campus' pooled cash balances. Under current campus policy, almost all STIP earned on positive cash balances is income to the center, therefore, most Divisions will not enter budgets in these accounts. Divisions that have one or more funds that earn a material amount of STIP under an exception to the policy (e.g., certain Federal grants) should plan for it here. Note that endowment income payout is not budgeted to the units here; instead either a transfer account 72210 (Regents) or gift revenue account 440xx (UCBF) is used.

### Non-Operating Revenue

In general, these accounts are used by central units only or they are not relevant for Divisions' planning in Current Funds. One exception is Student Affairs, which may plan for Federal Pell grants in this revenue category. Other Divisions should seek guidance from the Budget/Forecast Team before planning in this area.

| Category                      | Account Codes   | Discussion   |
|-------------------------------|---|--|
| <b>Total Revenue</b>          |   |  |
| Net Tuition and Fees          | <ul style="list-style-type: none"> <li>• 404XX - SS and Special Programs Rev - Plan</li> <li>• 4050X - Other Student Fees - Plan</li> <li>• 4053X - Professional Degree Fees - Plan</li> <li>• 4055X - Self-Supporting Degree Program - Plan</li> <li>• 4056X - Other Fees - Plan</li> <li>• 407XX - UNEX – Plan</li> </ul> | <p>Revenue estimates should be based on target enrollments and approved fees for each eligible program.</p> <p>May plan for increase of PDST fees as proposed by the President, to a maximum of 5% (where applicable), and for not-yet-approved SSGPDP fee increases (to a maximum of 5%) if Divisions believe approval is likely. Otherwise, consider contingency plans for how any unapproved programs or fee increases will be addressed.</p> |
| Contracts & Grants            | <ul style="list-style-type: none"> <li>• 412XX - State Contracts &amp; Grants - Plan</li> <li>• 42XXX - Federal Contracts &amp; Grants - Direct - Plan</li> <li>• 441XX - Private Contract &amp; Grants – Plan</li> <li>• 45XXX – Other Contracts &amp; Grants Activity – Plan</li> </ul>                                   |  |
| Private Gifts for Current Use | <ul style="list-style-type: none"> <li>• 440XX - Private Gifts for Current Use – Plan</li> </ul>  | UCBF Endowments/FFE payout growth assumption: 4%. The amounts forecasted here should be net of the philanthropic assessment (5% or 10.5% depending on the type of fund).   |
| Investment Income             | <ul style="list-style-type: none"> <li>• 49210 - STIP Investment Income</li> <li>• 492XX - Investment Income – Plan</li> </ul>  |  |

|  |  |  |
|--|--|--|
| Sales and Services of Educational Activities | <ul style="list-style-type: none"> <li>• 46XXX - Sales Services &amp; Other Income – Plan</li> <li>• 47XXX - Sales &amp; Services of Auxiliary - Plan</li> <li>• 47010 - Food Sales/Services</li> <li>• 47020 - Telecomm Svcs to Students</li> <li>• 47030 - Books/Merchandise Sales</li> <li>• 47040 - Ticket Sales-Auxiliary Activit</li> <li>• 47041 - ESP Benefit Revenue</li> <li>• 47060 - Revenue-Sharing Revenues</li> <li>• 47061 - Off-Site Game Rev (Guarantees)</li> <li>• 47070 - Media Revenues-Auxiliary Activ</li> <li>• 47090 - Other Marketing Revenues</li> <li>• 47100 - Camp Fees</li> <li>• 47110 - Parking Revenues-UC Related</li> <li>• 47900 - Rental of Real Property-Aux</li> <li>• 47980 - Sls/Svcs Auxil-Contra-Finl Aid</li> <li>• 47999 - Misc Sls &amp; Svcs of Auxiliary</li> <li>• 47000 - Residence Fees</li> <li>• 48XXX - Other Income – Plan</li> </ul> | Local knowledge should inform growth in Sales & Services of Educational Activity revenues. Amounts should be planned net of the 9% AFC rate. |
| Non-Operating Revenue                        | <ul style="list-style-type: none"> <li>• 49080 - Federal Pell Grants</li> <li>• 493XX - Disposal of CapAssets NetofPro - Plan</li> <li>• 495XX - Nonoperating Rev/Exp-Other – Plan</li> </ul>  | Division use may include Federal Pell Grants.  |

**b. Operating Transfers**

**Operating Transfers**

Operating Transfers reflect transfers of a variety of resources (i.e. campus, divisional, and departmental). For divisional planners, it is important to ensure the 73xxx, 74xxx, and 75xxx net to zero at the appropriate levels. More information may be found in the Job Aid under "General CalPlanning References" (see page 3).

**Campus Support 71XXX**

Campus Support reflects estimated transfers of central campus resources. Planning for these accounts in the FY17 Operating Budget was done by the CBO and incorporates adjustments related to Form A, budget reductions and budget decisions. These amounts are for planning purposes only. This account will not be updated by the CBO unless the amounts have changed materially. Note that campus support commitments in CalPlan represent a plan for projected resource transfers and are not necessarily guaranteed commitments.

**71110 General Allocation, 71304 Benefits Support, and 71314 Faculty Merits/Promotions**

Amounts in these accounts were populated by the CBO based on the Permanently Budgeted Faculty Funding (Form A) submissions from Divisions. Divisions should review their Permanent Budget allocations taking into consideration adjustments they included in their Form A. To the extent that they are material, Divisions should work with the Budget/Forecast Team to make updates to these accounts.

**Temporary Academic Support 71220**

Divisions received their allocation letter decisions in January, which provided an early commitment of resources, and were based on the new interim model. The model included a formulaic component to the distribution of Campus TAS Allocations, and combined Temporary Academic Support, Upper Division Impaction, and Common Good Curriculum.

The CBO will update this account for additional TAS related to increased enrollment.

**Approved Supplemental Budget Requests (Form B) 71295**

PBOs entered approved Form B requests in this account in the final version of the FY17 Operating Budget which was copied to the FY17 Forecast. Note: PBOs also entered any associated expenses in Account: 5730X - Miscellaneous Expenses – Plan. To the extent that it will impact management decisions, Divisions should update their expense forecast to include the appropriate accounts and DeptIDs.



| Category                      | Account Codes   | Discussion  |
|-------------------------------|---|---|
| <b>Operating Transfers</b>    | <ul style="list-style-type: none"> <li>Operating Transfers – Plan</li> </ul>  |   |
| Campus Support                | <ul style="list-style-type: none"> <li>71XXX (Central Use Only)</li> </ul>  | <p><b>FY17 Operating Budget and Forecast</b></p> <p>71110 General Allocation</p> <ul style="list-style-type: none"> <li>Dec Permbudg of the centrally managed funds was initially loaded. For a fund list, please refer to the Centrally Managed Funds section at <a href="http://budget.berkeley.edu/budgetprocess">http://budget.berkeley.edu/budgetprocess</a>. Planners can run the <i>Permbudg Ledger Summary Report</i> for details.</li> <li>The account was updated based on Form A submissions, budget reductions and budget decisions</li> </ul> <p>712xx, 713xx, 714xx Campus Support – FY17 Commitments Database amounts are loaded.</p> <ul style="list-style-type: none"> <li>These accounts reflect commitments and assessments (e.g., start-up, block grant, temporary academic support, UCOP allocations, etc.). They are not all guaranteed for funding, and may require further review by the CBO. The details can be found in the Divisional folders on bDrive at <a href="http://budget.berkeley.edu/resources/sharedfiles">http://budget.berkeley.edu/resources/sharedfiles</a>. Adjustments to these accounts may have been made based on discussion with your PBO.</li> <li>If UCOP allocations in 71290 are based on Permbudg, the Dec balance was loaded in CalPlan.</li> <li>Operating transfers in this series reflect planning assumptions for salary and benefit adjustments based on Form A submissions</li> </ul> <p>71110 General Allocation and 71420 Withdrawals&gt;Returns – CBO entered budget reductions in these accounts based on the Campus Budget Call Letter Appendix and Budget Decision Letter Appendices, depending on permanent or one-time.</p> |
| External Transfers            | <ul style="list-style-type: none"> <li>A72110 - Inter-Location Xfr (Rev)</li> <li>A72115 - Inter-Location Xfr (Fund Bal)</li> <li>InterLocation Transfers - Plan</li> <li>72210 - Regents Endow/FFE Payout</li> <li>72295 - Other Transfers</li> </ul>  | <p>External Transfer accounts are used to designate a flow of resources that originates from elsewhere in the UC system, generally from UCOP or one of the other UC campuses. Divisions should input budgets into other 72XXX accounts if any material transfers are anticipated.</p> <p><b>72210 - Regents Endow/FFE Payout –</b><br/>This account was initially populated with FY16 Actuals in the FY17 Operating Budget and may have been increased by Divisions based on a 4% increase. Actual data has been recorded in FY17 Actuals. To the extent the Actual amount is materially different it should be updated in the FY17 Forecast.</p>   |
| To/From Other Divisions       | <ul style="list-style-type: none"> <li>73110 - Summer Session/UNEX Rev Share</li> <li>73120 - Academic/Research Awards</li> <li>73130 - Personnel Awards &amp; Training</li> <li>73140 - Work-study Funding</li> <li>73150 - Gift Fee Distribution</li> <li>73201 - InterDiv - Initial Transfers</li> <li>73205 - InterDiv - Vice-Chanc Support</li> <li>73295 - InterDiv - Other Xfer Btwn Divs</li> </ul>   | <p>Transfers in this series should net to zero by account at the campus level.</p> <p><b>Divisions should review and coordinate with other Divisions to ensure both giving and receiving sides are recorded.</b></p>  |
| Internal DIVISION Transfers   | <ul style="list-style-type: none"> <li>74101 - Div - Initial Transfers</li> <li>74110 - Div - Block Grant</li> <li>74120 - Div - Temp Acad Support</li> <li>74130 - Div - Faculty Start-up</li> <li>74140 - Div - Faculty Retention</li> <li>74150 - Div - Salary Support</li> <li>74155 - Div - Benefits Support</li> <li>74160 - Div - Personnel Actions</li> <li>74180 - Div - Sweeps/Withdrawals</li> <li>74195 - Div - Other Dean/AVC Support</li> <li>74295 - Div - Other Internal Xfr</li> </ul> | <p><b>Transfers in this series should net to zero by account at the Division (L3) level.</b></p> <p>They are most often transfers of funding from the Division (L3) leadership level (usually a VC or Dean) to units within their organization.</p>   |
| Internal DEPARTMENT Transfers | <ul style="list-style-type: none"> <li>75101 - Dept - Initial Transfers</li> <li>75195 - Dept - Other Internal Xfr</li> </ul>   | <p><b>Transfers in this series should net to zero by account at the Department (L4) level. A few exceptions may exist in some divisions. Please contact your PBO if any questions.</b></p> <p><i>75101 –</i><br/>CBO loaded Dec Permbudg of non-centrally managed funds in FY17 Operating Budget which was copied to the FY17 Forecast. Planners can run the <i>Permbudg Ledger Summary Report</i> for details.</p>   |

### c. Compensation Expenses

Compensation is budgeted in HCP. In FY17, the CBO will continue to provide salary and benefit adjustments for filled ladder-rank faculty positions and Divisions will need to continue to absorb non-ladder-rank faculty and staff salaries, and associated benefits costs.

#### Academic and Staff Salaries & Wages

The FY17 Q1 Forecast should include a review of individual and shared/pooled positions, including FTE, salary, chart string distribution, effective dates, and ending dates and make adjustments for material changes including new positions and changes to permanent budget faculty compensation expenses.

#### FY17 Compensation Growth Assumptions

Compensation expenses in the HCP FY17 Forecast reflect the following growth assumptions, as determined by position effective dates, salary-type, and cost increase category. The Salary Adjustment growth percentages are high-level planning assumptions that represent predicted Cost-of-Living increases and/or Merit Programs.

| Salary Adjustment Type                     | Growth Assumption |
|--|-------------------|
| Salary Adjustment for Teaching Faculty     | 3%                |
| Salary Adjustment for Non-Teaching Faculty | 3%                |
| Salary Adjustment for Staff                | 3%                |

#### Fringe Benefits

UCB has set Composite Benefit Rates (CBRs) to cover employee benefits for all Divisions. Starting in FY14, the CBR structure and content changed significantly. Details may be found at <http://scr.berkeley.edu/costingpolicies>.

CBRs are calculated automatically in HCP based on the four CBR groups indicated below. The U.S. Department of Health and Human Services has approved the FY17 rates. These rates will be loaded into HCP in October as part of the Q1 Forecast process. Due to the complexity of the programming, BELI codes are not included in the HCP calculation.

| CBR Rate Group              | UCB Composite Benefit Rates |       |  |       |       |       |       |
|-----------------------------|-----------------------------|-------|--|-------|-------|-------|-------|
|                             | Approved                    |       | Projections for Planning Purposes -----> |       |       |       |       |
|                             | FY16                        | FY17  | FY17                                     | FY18  | FY19  | FY20  | FY21  |
| Academic                    | 36.0%                       | 39.0% | 38.0%                                    | 40.0% | 40.0% | 40.0% | 40.0% |
| Staff                       | 44.0%                       | 46.0% | 46.0%                                    | 48.0% | 48.0% | 48.0% | 48.0% |
| Limited                     | 20.0%                       | 17.0% | 22.0%                                    | 19.0% | 19.0% | 19.0% | 19.0% |
| Students (Grad & Undergrad) | 0.0%                        | 0.0%  | 0.0%                                     | 0.0%  | 0.0%  | 0.0%  | 0.0%  |

| Category                    | Account Codes   | Discussion   |
|-----------------------------|---|--|
| <b>Total Expenses</b>       |   |  |
| <b>Total Compensation</b>   |   |  |
| Academic Salaries & Wages   | <ul style="list-style-type: none"> <li>50240 - Acad Teach-Regular (Default)</li> <li>50242 - Acad Teach-Limited Benefits</li> <li>50241 - Acad Teach-Exempt from CBR</li> <li>50215 - Acad Nonteach-Regular (Default)</li> <li>50212 - Acad Nonteach-Limited Benefits</li> <li>50211 - Acad Nonteach-Exempt from CBR</li> </ul> | Salary growth assumptions were loaded in HCP as part of the FY17 Operating Budget process.   |
| Staff Salaries & Wages      | <ul style="list-style-type: none"> <li>51029 - Work Study</li> <li>51210 - Staff-Non student</li> <li>51231 - Staff-Exempt from CBR</li> <li>51232 - Staff-Limited Benefits</li> </ul>  | Salary growth assumptions loaded in HCP as part of the FY17 Operating Budget process.        |
| Other Employee Compensation | <ul style="list-style-type: none"> <li>520XX - Other Employee Compensation – Plan</li> </ul>  | No inflation assumptions have been centrally built-in.                                       |
| Fringe Benefits             | <ul style="list-style-type: none"> <li>53060 - Benefit Assess-Acad Regular</li> <li>53070 - Benefit Assess-Staff Regular</li> </ul>   | Updated/Approved Composite Benefit Rates will be loaded in HCP for FY17 Forecast in October. |

|  |  |   |
|--|--|---|
|  | <ul style="list-style-type: none"> <li>• 53080 - Benefit Assessment - Limited</li> <li>• 53XXX - Fringe Benefits - Plan</li> <li>• 57310 - General &amp; Empl Liability Insur</li> </ul> | <p>For FY17 Forecast, the GAEL rate will be updated to 1% vs 0.95% used in the FY17 Operating Budget.</p> |
|--|--|---|

**d. Non-Compensation Expenses**

Divisions should forecast material changes in expenditures in the appropriate non-compensation accounts and plan-accounts. No inflation assumptions have been centrally built into the FY17 Operating Budget for non-compensation expenses. Local knowledge should inform growth. Additional context for some expense types is provided below.

**Scholarships & Fellowships**

Funding and responsibility for Berkeley’s expenditures in support of financial aid and scholarships are broadly distributed throughout the campus. CalPlanning expense budgets for Scholarships & Fellowships should only reflect local plans for financial aid expenditures that will be recorded using each Division’s chart strings (L7 DeptIDs). Divisions should budget for spending on locally held donor scholarships, financial aid expenditures for many professional programs, stipends or scholarship payments supported by endowed chairs, or other funds (restricted or unrestricted) that are held in the Departments, etc.

Divisions should not budget for financial aid expenditures that occur outside their DeptIDs in CalPlanning. For this reason, Divisions should not budget in CalPlanning for most financial aid provided for undergraduate students (the bulk of which is a central responsibility managed by the Financial Aid and Scholarships Office - FASO), nor for support of graduate students using Block Grant or other funds held or managed by the Graduate Division.

**Recharge Expenses**

Recharge units were required to submit proposed FY17 rates as part of the budget process. Final, approved rates (effective July 1, 2016) are published on the CBO’s website. DFLs are responsible for researching and identifying the extent to which their Division pays for Recharge services. More information about Recharge activity, including a list of Recharge Units, services provided and current rates, can be found on the CBO website at <http://budget.berkeley.edu/recharge-information>.

**Depreciation**

Divisions do not record net depreciation expense and therefore should not plan for depreciation expense in CalPlan. Recharge units record both depreciation expense and an equal and offsetting depreciation expense credit in the Actuals ledger (Actuals accounts 54251 and 54252). Since these net to zero, there is no budget impact. Only the transfer of resources from the recharge fund to the Reserve for Renewal and Replacement should be planned in CalPlan, if material. (See Changes in Fund Balance: To/From Plant Funds, page 13)

| Category                          | Account Codes  | Discussion   |
|-----------------------------------|--|--|
| <b>Total Expenses</b>             |  |  |
| <b>Total Non-Compensation</b>     |  |  |
| Supplies, Materials and Equipment | <ul style="list-style-type: none"> <li>• 550XX - General Supplies – Plan</li> <li>• 5501X - Laboratory Supplies – Plan</li> <li>• 55049 - Dining Service Supplies</li> <li>• 54XXX - Equipment &gt;\$5K - Plan</li> <li>• 55XXX - Equipment&lt;\$5K – Plan</li> </ul>                  |  |
| Scholarships and Fellowships      | <ul style="list-style-type: none"> <li>• 574XX - Undergraduate – Plan</li> <li>• 5741X - Grad Scholarships and Fellowships - Plan</li> <li>• 5380X - Fee Remission - Plan</li> <li>• 5745X - Other Prizes and Awards - Plan</li> <li>• 57490 - Scholarship Allowance Contra</li> </ul> | Fee remission is planned via HCP pooled positions for GSIs and GSRs. |
| Indirect Cost Recovery            | <ul style="list-style-type: none"> <li>• 579XX - Indirect Cost Recovery – Plan</li> </ul>  |  |
| Recharge Income                   | <ul style="list-style-type: none"> <li>• 59000 - Recharge Income</li> <li>• 59010 - Recharge-Systemwide Assessment</li> </ul>  |  |
| Contract and Grants Sub Awards    | <ul style="list-style-type: none"> <li>• 5780X - C&amp;G Sub Awards – Plan</li> <li>• 5781X - Non UC Contracts - Plan</li> </ul>   |  |

|                     |   |  |
|---------------------|---|--|
|                     | <ul style="list-style-type: none"> <li>• 5782X - C&amp;G Intercampus Expenditures – Plan</li> </ul>   |  |
| Services            | <ul style="list-style-type: none"> <li>• 560XX - Comp Service &amp; Software – Plan</li> <li>• 561XX - Communications - Plan</li> <li>• 562XX - Maint Contract &amp; Services - Plan</li> <li>• 564XX - Publications &amp; Media - Plan</li> <li>• 565XX - Transportation - Plan</li> <li>• 566XX - Other Services - Non Computer – Plan</li> <li>• <del>56637 - CSS Assessment</del></li> <li>• 56638 - Cleaning Services</li> <li>• 56610 - Advertising: Fed Chargeable</li> <li>• 56611 - Advertising - Fed Unchargeable</li> </ul>  | The CSS Assessment calculation has been removed for FY17 Operating Budget and Forecast.  |
| Rents and Utilities | <ul style="list-style-type: none"> <li>• 5631X - Space Rental – Plan</li> <li>• 5632X - Equipment Rental - Plan</li> <li>• 5634X - Utilities - Plan</li> <li>• 5639X - Contra Rent &amp; Utilities – Plan</li> </ul>  |  |
| Travel              | <ul style="list-style-type: none"> <li>• 572XX - Travel – Plan</li> </ul>   |  |
| Miscellaneous       | <ul style="list-style-type: none"> <li>• 5671X - Participant Support – Plan</li> <li>• 5672X - Other Non-Employee - Plan</li> <li>• 56720 - Consultant Fees</li> <li>• 56723 - Student Accommodations</li> <li>• 56724 - Temporary Labor</li> <li>• 5700X - Conf-Mtgs-Training-Events - Plan</li> <li>• 570XX - Entertainment - Plan</li> <li>• 5730X - Miscellaneous Expenses - Plan</li> <li>• 5731X - Insurance - Plan</li> <li>• 5733X - Other Fees &amp; Fines - Plan</li> <li>• 5734X - Non Compensation Payments - Plan</li> <li>• 5735X - Other - Plan</li> <li>• 5736X - Agency - Plan</li> <li>• 5737X - Cost of Goods Sold - Plan</li> <li>• 5739X - Expenditure ,Fiscal Cl, C+G Def Clr - Plan</li> <li>• 577XX - Nonoper Misc Deductions – Plan</li> </ul> | <p>Two accounts may cause confusion and examples of when to use which are as follows:</p> <p>56720 Consultant Fees occur when a Division pays a consulting firm for services, such as evaluating an existing IT system, implementing a new system, or evaluating organizational structure and giving recommendations for improvement.</p> <p>56724 Temporary Labor cost occurs when a Division hires a temporary employee (from a temporary agency) to fill in an existing position or to work on a project.</p> |

**e. Changes in Fund Balance**

**Changes in Fund Balance**

In our fund accounting environment, 3XXXX series transfers are unusual since they are made between the Current Fund group and other fund groups (e.g., Plant or Agency), or between UC Berkeley and other UC locations. Generally, they are used to record specific activities that are not properly part of a Division’s in-year operating results and are therefore “below the line”. By excluding these items from a Division’s operating surplus or deficit, we have a better picture of whether the Division is operating above or below their means, excluding certain unusual one-time activities.

Divisions are only required to plan for the Current Funds side of fund balance transfers in CalPlan. Fund balance transfers have been copied from FY17 Operating Budget. Divisions should budget for fund balance transfers in accordance with the instructions below.

| Category                       | Account Codes   | Discussion   |
|--------------------------------|---|--|
| <b>Changes in Fund Balance</b> |   |  |
| To/Fr Regents Endowment Pool   | <ul style="list-style-type: none"> <li>• 34231 - (To)/Fr Rgnts Endow - FFE Principal – Plan</li> </ul>  | <p>Planned contributions to FFE from available current fund balances, as well as withdrawals from FFE principal, should be budgeted in this account and the appropriate plan-fund. In rare occasions, units return a portion of the payout from true endowments to principal. If a Division is anticipating a material transfer of this kind, the Division would plan for it here in this account.</p> <p>Note that new gifts to endowed funds are booked directly with the Regents or UCBF and are therefore not planned for by Divisions in CalPlan.</p> |
| To/From Plant Funds            | <ul style="list-style-type: none"> <li>• 33100 - (To)/Fr Retire of Indebt - Exter Debt Srvc – Plan</li> <li>• 34010 - (To)/Fr Unexp Plant Fund - Cap Projects - Plan</li> <li>• 34039 - (To)/Fr Res for Renewal &amp; Replacement - Plan</li> <li>• 34XXX - Plant Other – Plan</li> </ul> | <p>33100 – Divisions were provided with an estimated <i>Debt Service Schedule (Form E)</i>. These estimates should have been used to plan for the aggregate flow of money for debt service in FY17.</p> <p>34010 – This account should be used to budget the outflow of equity</p>   |

|                                       |  |  |
|---------------------------------------|--|--|
|                                       |  | <p>contributions for capital projects in FY17. The amount budgeted should agree with <i>Capital Projects Fully Funded by Division Resources (Form C)</i> submitted with the FY17 Operating Budget. Divisions should include plans for new Capital Projects requiring central contributions that were approved by Capital Projects here.</p> <p><i>34039</i> – This account should be used to plan for contributions to, or withdrawals from, Reserves for Renewal and Replacement. The use of this account is primarily for recharge funds.</p> <p><i>34XXX</i> – This account should be used in the event a material change has occurred in an account not listed above. Divisions should seek guidance prior to account use.</p> |
| <p>To/From All Other Fund Balance</p> | <ul style="list-style-type: none"> <li>• All Other Fund Balance Changes – Plan</li> <li>• Prior Year Adj - Plan</li> </ul> | <p>In general, use of these plan-accounts is restricted to the CBO. Divisions should seek guidance before planning fund balance transfers in any of these accounts.</p>  |