



FY2018-19

UC BERKELEY BUDGET GUIDELINES AND ASSUMPTIONS

This document provides information specific to the FY2018-19 Budget Process and should be used in conjunction with the Budget Call Letter. It provides guidance to divisions including key dates, 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.

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I. Overview and Goals

The purpose of this document is to provide guidance for the FY2018-19 budget process, including key dates, planning assumptions, contextual information, and links to useful 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 budget process that engages with unit leaders to clarify plans and establish targets for the FY19 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.
- Budgets and Forecasts will account for seasonality, if material, and will be based on accrual based accounting principles and timing.

b. FY2018-19 Budget 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 strategy and resource allocation decisions.

The following illustrates the Office of the CFO's strategies for FY2018-19:

- Achieve financial strength
 - Align financial resources to campus strategy.
- 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 FY2018-19 Campus Budget Process and Systems

The CalPlanning FY18 Forecast and FY19 Operating Budget are now available with refreshed Employee by Job Code data from HCM and other major planning tool enhancements. Data from the permanent budget, the central commitment database, CalPlanning FY18 Forecast Working and HCM from the night of February 6 were sources for FY18 Forecast and FY19 Operating Budget.

Thank you to all the CalPlanning Planners that have provided feedback to improve the Planner experience.

All Planners need to set their Financial Reporting point-of-view (POV) preferences. Please refer to the following job aid to set your POV preferences: CalPlanning: Enabling Reporting POV Preview.

- Actualized Forecast and Simplified HCP
 - The Actualized Forecast and CalPlanning Human Capital Planning (HCP) Simplification project team implemented a set of enhancements for the FY2018-19 budget cycle. The enhancements include:
 - The prior month's Forecast values are now overwritten with Actuals data from BFS for all accounts: non-compensation accounts in CalPlan and compensation accounts in HCP at monthly close, following this schedule [General Ledger Monthly Close Schedule](#).
 - The closed months of the FY18 Forecast Working (July 2017 to January 2018 when the FY19 Operating Budget was opened) include actual compensation data.
 - The Forecast Working YearTotal values reflect the sum of Actuals for closed months plus Forecast Working for current and future months.
 - The new "PriorMnth" version provides visibility to the prior month's Forecast values as of the last working day of the previously closed month.
 - All plan data was moved to the five high-level fund buckets (unrestricted, designated, restricted gift, restricted endowments and FFE's, contracts and grants). This means Planners only have access to plan to the five fund types in CalPlan and HCP.
 - HCP was redesigned to simplify and improve the process of creating and editing compensation plans.
 - HCP displays employee and pooled position plan data by month for easier editing and review.
 - More information about the changes related to the Actualized Forecast & Simplified HCP project is available on the project website at: cfo.berkeley.edu/strategic-plans/vc-finance-strategic-projects/actualized-forecast-simplified-hcp and in the February 2018 CalPlanning release notes at: calplanning.berkeley.edu/release-notes/february-2018-release-notes.
- Changes to Forms
 - Faculty Permanent Budget Summary (Form A) – The partially pre-populated form was distributed to the Divisional Financial Leaders (DFL) for completion on Tuesday, February 27. The form will be uploaded upon return to the CalPlanning team and review by FP&A analysts. The Form A Is due by March 26.
- Focus on Operating Transfers
 - Divisions will need to reconcile Operating Transfers by account and period to ensure they net to zero where appropriate.
 - Inter-divisional transfers should be reconciled with the receiving/transferring division prior to entry into the system. Divisions should maintain a schedule of inter-divisional transfers that can be validated/referenced by the OCFO when reviewing budget and forecast submissions. The Operating Transfers job aid can be accessed [here](#) at under "General CalPlanning Job Aids."
 - Temporary Academic Support
 - The Vice Provost of the Faculty, in partnership with the Vice Chancellor of Finance (including the Office of Planning & Analysis) introduced a new [FY2018-19 interim model for distributing central campus resources in support of TAS](#).
- Timeline

- The FY18 Full Forecast Q3 Submission and FY19 Operating Budget Planner Submission are due in CalPlan on Friday, April 13, 2018. The Multi-year budget template, Revenue Generation template, and Narrative template are due to the Financial Planning & Analysis team at dfi_concierge@berkeley.edu on Friday, April 20, 2018.

- Recharge
 - The annual recharge rate certification process has been integrated with the budget process and the terms of approved rates have been aligned with the fiscal year. Divisions will be provided with planning recharge rates to incorporate in their FY2018-19 planning, as appropriate. FY2017-18 recharge rates approved as part of the FY2017-18 Operating Budget Process can be found at <http://cfo.berkeley.edu/recharge>.

II. Timeline

Each division needs to complete their FY18 Forecast and FY19 Operating Budget in HCP and CalPlan, and submit the Forms as part of their budget submission. Divisions should build internal timelines based on the campus deadlines.

	Time	Milestone	Level	Activity
General	1/17 and 1/18	Q2 in CalPlanning	Campus	1/17 December Actuals loaded to CalRptg. 1/18 December Actuals loaded to CalPlan and HCPRptg.
	2/2	Strategic plans due	Division	Divisional OGSPs due.
	2/1-2/28	Strategic plan discussions	Division	Divisions strategic plan discussion with EVCP.
	2/13	Provisional Division Targets Set	Campus	Division targets will be set based on an agreed upon methodology.
	Jan-Mar	Training	Campus	Tool training and budget process workshops are offered.
	2/7-2/21	FY18 and FY19 in CalPlan and HCM to HCP	Campus CalPlan Blackout	FY18 Forecast Snapshot taken and copied to FY19 Operating Budget. All closed months for FY2017-18 Forecast Working are overwritten with actual data for all accounts. FY2017-18 Forecast and the FY2018-19 Operating Budget in HCP are refreshed with the latest employee data from HCM.
	2/21	TAS allocations	Campus	TAS allocations released to Deans.
	Through 4/13	Budget Preparation	Division	DFLs must review, synthesize, and present budgets to Dean/VC for approval. Dean/VC is ultimately responsible for ensuring the consolidated divisional budget in CalPlan and form submission is accurate, and links to their strategy and goals.
	4/26	Q3 Variance Analysis	Division	Q3 variance analysis due.
FY18 Forecast	2/22-4/13	Review and Update	Division	Update FY18 Forecast Revenues, Operating Transfers, Compensation and Non-Compensation Expenses, and Changes in Fund Balance.
FY19 Operating Budget	2/22	FY19 Operating Budget Opens	Campus	Campus Support transfers are seeded. Compensation growth assumptions are built-in (see details on page 10).
	2/22-4/13	Review and Update	Division	Review Campus Support transfers for accuracy. Review converted Pooled Positions. Plan Revenues, Operating Transfers, Compensation and Non-Compensation Expenses, and Changes in Fund Balance.
	2/27	Recharge self-certification due	Division	Proposal for FY19 recharge rates are due.
	3/16	Recharge	Campus	VCF sends FY19 recharge rates to use for budgeting purposes only to divisions.
	3/26	Form A due	Campus	DFLs return completed Form A.
	4/13	Budget Due in CalPlan	Division	FY18 Forecast Q3 Submission and FY19 Operating Budget Planner Submission due in CalPlan. ☹☹
	4/20	Templates due	Division	Multi-year budget template, revenue generation template, narrative template are due. Email to dfl_concierge@berkeley.edu.
	May-June	Financial Review	Campus and Division	
	5/7-6/1	Budget hearings	Campus and Division	
June-July	Budget Decisions	Campus	Decisions will be entered into CalPlan and FY19 Operating Budgets will be finalized.	

III. General Budgeting Guidelines

While UC Berkeley 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 FY19 Operating Budget, divisions are expected to reallocate their own resources to help achieve their key strategic objectives and meet their budget reduction targets.

Divisions should bear the following principles in mind when budgeting:

- **DeptID** – A division’s Forecast and Operating Budget should be fully planned at the DeptID (L7) level.
- **Account** – Material anticipated revenues, operating transfers, and expenditures should be budgeted in the Forecast and Operating Budget in the appropriate account or plan-account.
- **Fund** – A division’s Forecast and Operating Budget should be budgeted at the plan-fund level. Divisions are only required to plan Current Funds in CalPlan.
- **Chartfield1** – Divisions have the ability to budget to any Chartfield1 (CF1) that is loaded in CalPlan. In general, the Forecast and Operating Budget should be budgeted at the C1 - Summary - Plan level unless planning to an individual CF1 will provide significant management value.
- **All-Funds Budgeting** – Budgets should capture planned spending for each of the five Current Fund types. In general, divisions should plan to use dollars generated from gifts, endowments, and other restricted funds (in accordance with fund restrictions) before using unrestricted funds. Budgeted expenditures and ending fund balances in unrestricted vs. restricted funds will be among the metrics evaluated by FP&A when reviewing Divisions' Forecast and Operating Budgets.
- **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. FY19 Operating Budget entries and adjustments to your FY18 Forecast should only be included for summarized spending and specific initiatives that may impact strategic decisions within the division or will impact the ability for the campus to meet its financial goals.
- **CalPlanning Plan-Account and Plan-Fund Mappings** – An Excel mapping tool for Accounts and Fund numbers allows for easy translation of current BFS Accounts and Fund numbers to their corresponding CalPlan Accounts and Fund numbers. Accounts and Funds that have been recently created or updated in BFS may not be available for look-up in this tool for up to 30 days. If you have any questions, please contact the CalPlanning Help Desk at calplanhelp@berkeley.edu. Account and Fund Mapping Files can be found in the CalPlan Job Aids section of the CalPlanning Job Aids page: <http://calplanning.berkeley.edu/getting-started/job-aids>.
- **Level of Adjustments for Forecast** – As the FY18 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 for Forecast** – If material variances related to seasonality were identified in your Quarterly variance analysis, we expect each division to adjust their FY19 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).

IV. Planning Assumptions and Table of Accounts

The OCFO 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
General		
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 and Wages	Assume 3% growth rate over FY2017-18 for faculty and staff salaries. In the recent past, no incremental funding for salaries or associated benefits have been provided for non-ladder-rank faculty or staff. In FY19, \$4.5M will be provided as a one-time adjustment to academic units to help defray this cost.
General inflation assumption	Non-Compensation Expenses	No inflation assumptions have been centrally built into the FY19 Operating Budget or Forecast for non-compensation expenses. Local knowledge should inform growth in non-compensation expenses.

a. Revenues

Net Tuition and 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 and Grants Revenue

Contracts and 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 may project a flat amount or a modest increase (up to 1.0%) in payout for FY2018-19 compared to the FY2017-18 payout. OCFO will provide an updated estimate by late-March should this projection change.

Growth assumptions for UCBF endowment and FFE funds assume that the divisions have not had any significant additions to, or invasions of, principal during the three years ending March 2018, and presumes no further market movement. Divisions with funds that diverge from these assumptions in ways that will materially affect payout should adjust their projections in the FY19 Operating Budget accordingly.

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 OCFO before planning in this area.

Category	Account Codes	Discussion
Total Revenue		
Net Tuition and Fees	<ul style="list-style-type: none"> • 404XX - SS & Special Programs Rev - Plan • 4050X - Other Student Fees - Plan • 4053X - Professional Degree Fees - Plan • 4055X - Self-Supporting Degree Program - Plan • 4056X - Other Fees - Plan • 407XX - UNEX – Plan 	<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 and Grants	<ul style="list-style-type: none"> • 412XX - State Contracts & Grants - Plan • 42XXX - Federal Contracts & Grants - Direct - Plan • 441XX - Private Contract & Grants – Plan • 45XXX – Other Contracts & Grants Activity – Plan 	
Private Gifts for Current Use	<ul style="list-style-type: none"> • 440XX - Private Gifts for Current Use – Plan 	<p>The amounts included here should be net of the philanthropic assessment (5% or 10.5% depending on the type of fund).</p> <p>UCBF Endowments/FFEs payout growth assumption: CalPlan FY19 mirrors FY18, but divisions may project a flat amount or a modest increase (up to a 1.0% increase) in payout</p>
Investment Income	<ul style="list-style-type: none"> • 49210 - STIP Investment Income • 492XX - Investment Income – Plan 	
Sales and Services	<ul style="list-style-type: none"> • 46XXX - Sales Services & Other Income – Plan • 47XXX - Sales & Services of Auxiliary - Plan • 47010 - Food Sales/Services • 47020 - Telecomm Svcs to Students • 47030 - Books/Merchandise Sales • 47040 - Ticket Sales-Auxiliary Activit • 47041 - ESP Benefit Revenue • 47060 - Revenue-Sharing Revenues • 47061 - Off-Site Game Rev (Guarantees) • 47070 - Media Revenues-Auxiliary Activ • 47090 - Other Marketing Revenues • 47100 - Camp Fees • 47110 - Parking Revenues-UC Related • 47900 - Rental of Real Property-Aux • 47980 - Sls/Svcs Auxil-Contra-Finl Aid • 47999 - Misc Sls & Svcs of Auxiliary 	<p>Local knowledge should inform growth in Sales & Services of Auxiliary and Other Sales and Services revenues. Amounts should be planned net of the 9% AFC rate.</p>

	<ul style="list-style-type: none"> • 47000 - Residence Fees • 48XXX - Other Income – Plan 	
Non-Operating Revenue	<ul style="list-style-type: none"> • 49080 - Federal Pell Grants • 493XX - Disposal of CapAssets NetofPro - Plan • 495XX - Nonoperating Rev/Exp-Other – Plan 	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 will be done by the OCFO. These amounts are for planning purposes only. Note that campus support commitments in CalPlan represent a plan for projected resource transfers and are not necessarily guaranteed commitments.

Permanently Budgeted Faculty Funding (Form A)

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

- **Hires and Separations** – This information will be provided to the OCFO via the Form A in the budget template. The Form A will need to be filled out by the DFL for all separations and hires.
- **Merits/Promotions/ Range Adjustment** – Divisions will need to fill out the changes of salaries and benefits related to FY2018-19 merits and promotions on the Form A as part of the budget template. The 3% range adjustment (including TDIs) and incremental benefits are calculated on the Form A.

Temporary Academic Support 71220

Divisions received their allocation letter decisions in February, 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.

Category	Account Codes	Discussion
Operating Transfers	<ul style="list-style-type: none"> • Operating Transfers – Plan 	
Campus Support	<ul style="list-style-type: none"> • 71XXX (Central Use Only) 	<p>FY18 Forecast 71110 General Allocation – FY18 Actuals are loaded. 712xx and 714xx – FY18 Jul-Jan Actuals are loaded and further planned (but not yet transacted) commitments have been loaded from the Commitments Database. 713xx – FY18 Jul-Jan Actuals are loaded. Form A projections will update these Accounts upon return by the divisions and review from VCF .</p> <p>FY19 Operating Budget 71110 General Allocation</p> <ul style="list-style-type: none"> • Jan Permbudg of the centrally managed funds is loaded. For a fund list, please refer to the Centrally Managed Funds section at http://cfo.berkeley.edu/budgetprocess. Planners can run the <i>Permbudg Ledger Summary Report</i> for details. • The account will be updated based on Form A submissions and budget decisions, if applicable. <p>712xx, 714xx Campus Support – FY19 Commitments Database amounts are loaded.</p> <ul style="list-style-type: none"> • These accounts reflect commitments and assessments (e.g., start-up, block grant, temporary academic support, etc.). They are not all guaranteed for funding, and may require further review by the OCFO. The details can be found in the divisional folders on OCFO Google Drive.

Category	Account Codes	Discussion
		<p>71290</p> <ul style="list-style-type: none"> UCOP allocations in 71290 are based on FY18 actuals and Permbudg <p>713xx</p> <ul style="list-style-type: none"> Operating transfers in this series will reflect planning assumptions for salary and benefit adjustments from Form A upon return by the divisions and review from VCF. Until Form As are received and uploaded, Jul-Jan FY18 Actuals were copied to the FY19 Operating Budget as a placeholder.
External Transfers	<ul style="list-style-type: none"> A72110 - Inter-Location Xfr (Rev) A72115 - Inter-Location Xfr (Fund Bal) InterLocation Transfers - Plan 72210 - Regents Endow/FFE Payout 72295 - Other Transfers 	<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. The FY19 Operating Budget is a direct copy of actual and planned transfers from the FY18 Forecast.</p> <p>72210 - Regents Endow/FFE Payout – The OCFO suggests divisions plan for up to a 3.0% increase in the FY19 payout compared to FY18 for most endowments.</p>
To/From Other Divisions	<ul style="list-style-type: none"> 73110 - Summer Session/UNEX Rev Share 73120 - Academic/Research Awards 73130 - Personnel Awards & Training 73140 - Work-study Funding 73150 - Gift Fee Distribution 73201 - InterDiv - Initial Transfers 73205 - InterDiv - Vice-Chanc Support 73295 - InterDiv - Other Xfer Btwn Divs 	<p>Transfers in this series should net to zero by account at the campus level. Actual and planned transfers were copied from the FY18 Forecast to FY19 Operating Budget.</p> <p>Divisions should review and coordinate with other divisions to ensure both giving and receiving sides are recorded.</p>
Internal DIVISION Transfers	<ul style="list-style-type: none"> 74101 - Div - Initial Transfers 74110 - Div - Block Grant 74120 - Div - Temp Acad Support 74130 - Div - Faculty Start-up 74140 - Div - Faculty Retention 74150 - Div - Salary Support 74155 - Div - Benefits Support 74160 - Div - Personnel Actions 74180 - Div - Sweeps/Withdrawals 74195 - Div - Other Dean/AVC Support 74295 - Div - Other Internal Xfr 	<p>Actual and planned transfers were copied from the FY18 Forecast to FY19 Operating Budget.</p> <p>Transfers in this series should net to zero by account and period at the division (L3) level.</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"> 75101 - Dept - Initial Transfers 75195 - Dept - Other Internal Xfr 	<p>Actual and planned transfers were copied from the FY18 Forecast to FY19 Operating Budget.</p> <p>Transfers in this series should net to zero by account and period at the Department (L4) level. A few exceptions may exist in some divisions. Please email DFL_concierge@berkeley.edu with any questions.</p> <p>Planners can use the Internal Operating Transfers Management Form to balance between receiving and giving DeptIDs.</p> <p><i>75101 –</i> OCFO loaded Jan Permbudg of non-centrally managed funds in the FY19 Operating Budget In the month of July. Planners can run the <i>Permbudg Ledger Summary Report</i> for details.</p>

c. Compensation Expenses

Compensation is budgeted in HCP. In FY2018-19, the OCFO 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. As a one-time measure in FY19, Schools, colleges, other academic units, and research field stations and museums — because they have the potential to generate revenue for our core academic mission — will receive an increase in their proportioned central funding to offset non-represented staff salary increases. The Office of VC Finance will enter funding plans directly into CalPlanning.

Academic and Staff Salaries and Wages

HCP was refreshed with information in HCM As of 2/6/18. Divisional planners should review and update In HCP individual and pooled positions, including salary and chart string distributions. If divisions are funding new positions internally, they should add the To-Be-Hired Employees to HCP along with expected salary expenses. Based on the Form A information, divisions should plan the expense side for permanently budgeted faculty merits, promotions, hires and separations.

FY2018-19 Compensation Growth Assumptions

Compensation expenses in the HCP FY19 Operating Budget will reflect the following growth assumptions, which 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

UC Berkeley 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://cfo.berkeley.edu/composite-benefit-rates-facilitiesadministrative-costs>.

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 FY2017-18 rates. Rates beyond FY2017-18 are based on estimated cost increases and are provided for planning purposes only. FY2018-19 CBR projections were loaded into HCP. Due to the complexity of the programming, BELI codes are not included in the HCP calculation.

UC Berkeley Composite Benefit Rates					
CBR Rate Group	Approved	Projections for Planning Purposes ----->			
	FY17	FY18	FY19	FY20	FY21
Academic	39.0%	40.0%	40.0%	40.0%	40.0%
Staff	46.0%	48.0%	48.0%	48.0%	48.0%
Limited	17.0%	16.0%	16.0%	16.0%	16.0%
Students (Grad and Undergrad)	0.0%	0.0%	0.0%	0.0%	0.0%

Category	Account Codes	Discussion
Total Expenses		
Total Compensation		
Academic Salaries and Wages	<ul style="list-style-type: none"> • 50240 - Acad Teach-Regular (Default) • 50242 - Acad Teach-Limited Benefits • 50241 - Acad Teach-Exempt from CBR • 50215 - Acad Nonteach-Regular (Default) • 50212 - Acad Nonteach-Limited Benefits • 50211 - Acad Nonteach-Exempt from CBR 	Salary growth assumptions were loaded into HCP. HCP assumes Jul-Sep flat with a 12% increase in the month of October, to mimic actual prior experience. The following months are planned 3% higher than FY18.
Staff Salaries and Wages	<ul style="list-style-type: none"> • 51029 - Work Study • 51210 - Staff-Non student 	Salary growth assumptions were loaded into HCP. HCP assumes Jul-Sep flat with a 12% increase in the month of

	<ul style="list-style-type: none"> • 51231 - Staff-Exempt from CBR • 51232 - Staff-Limited Benefits 	October, to mimic actual prior experience. The following months are planned 3% higher than FY18.
Other Employee Compensation	<ul style="list-style-type: none"> • 520XX - Other Employee Compensation – Plan 	No inflation assumptions have been centrally built-in.
Fringe Benefits	<ul style="list-style-type: none"> • 53060 - Benefit Assess-Acad Regular • 53070 - Benefit Assess-Staff Regular • 53080 - Benefit Assessment - Limited • 53XXX - Fringe Benefits - Plan • 57310 - General & Empl Liability Insur 	<p>Composite Benefit Rates were loaded into HCP.</p> <p>For FY19, GAEL Is assumed at the same rate as FY18 = 1.15%.</p>

d. Non-Compensation Expenses

Divisions should budget material expenditures in the appropriate non-compensation accounts and plan-accounts. No inflation assumptions have been centrally built into the FY19 Operating Budget for non-compensation expenses. Local knowledge should inform growth. Additional context for some expense types is provided below.

Scholarships and 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 and 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 of their DeptIDs in CalPlanning. This includes financial aid provided for undergraduate students through Financial Aid and Scholarships Office – FASO and graduate students support from Block Grants or other funds held or managed by the Graduate Division.

Recharge Expenses

Recharge units are required to submit proposed FY2018-19 rates by 2/27/2018. The OCFO will provide DFLs with a table of proposed FY2018-19 recharge rates by 3/16/2018. These rates should be used for planning purposes only. Final, approved rates (effective July 1, 2018) will be published on the OCFO website before 6/30/18.

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 OCFO website at <http://cfo.berkeley.edu/recharge>.

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
Total Expenses		
Total Non-Compensation		
Supplies, Materials and Equipment	<ul style="list-style-type: none"> • 550XX - General Supplies – Plan • 55049 - Dining Service Supplies • 5501X - Laboratory Supplies – Plan • 54XXX - Equipment >\$5K - Plan • 55XXX - Equipment<\$5K – Plan 	
Scholarships and Fellowships	<ul style="list-style-type: none"> • 574XX - Undergraduate – Plan • 5741X - Grad Scholarships & Fellowships - Plan • 5380X - Fee Remission - Plan 	Fee remission is planned via HCP pooled positions for GSIs, GSRs and Readers/Tutors - Students.

Category	Account Codes	Discussion
	<ul style="list-style-type: none"> • 5745X - Other Prizes & Awards - Plan • 57490 - Scholarship Allowance Contra 	
Indirect Cost Recovery	XX - Indirect Cost Recovery – Plan	
Recharge Income	<ul style="list-style-type: none"> • 59000 - Recharge Income • 59010 - Recharge-Systemwide Assessment 	
Contract and Grants Sub Awards	<ul style="list-style-type: none"> • 5780X - C&G Sub Awards – Plan • 5781X - Non UC Contracts - Plan • 5782X - C&G Intercampus Expenditures – Plan 	
Services	<ul style="list-style-type: none"> • 560XX - Comp Service & Software – Plan • 561XX - Communications - Plan • 562XX - Maint Contract & Services - Plan • 564XX - Publications & Media - Plan • 565XX - Transportation - Plan • 566XX - Other Services - Non Computer – Plan • 56637 - CSS Assessment • 56638 - Cleaning Services • 56610 - Advertising: Fed Chargeable • 56611 - Advertising - Fed Unchargeable 	The CSS Assessment calculation was removed in FY18 and will not be applied in FY19.
Rents and Utilities	<ul style="list-style-type: none"> • 5631X - Space Rental – Plan • 5632X - Equipment Rental - Plan • 5634X - Utilities - Plan • 5639X - Contra Rent & Utilities – Plan 	
Travel	<ul style="list-style-type: none"> • 572XX - Travel – Plan 	
Miscellaneous	<ul style="list-style-type: none"> • 5671X - Participant Support – Plan • 5672X - Other Non-Employee - Plan • 56720 - Consultant Fees • 56723 - Student Accommodations • 56724 - Temporary Labor • 5700X - Conf-Mtgs-Training-Events - Plan • 570XX - Entertainment - Plan • 5730X - Miscellaneous Expenses - Plan • 5731X - Insurance - Plan • 5733X - Other Fees & Fines - Plan • 5734X - Non Compensation Payments - Plan • 5735X - Other - Plan • 5736X - Agency - Plan • 5737X - Cost of Goods Sold - Plan • 5739X - Expenditure ,Fiscal Cl, C+G Def Clr - Plan • 577XX - Nonoper Misc Deductions – Plan 	<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

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. Actual and planned fund balance transfers were copied from the FY18 Forecast to the FY19 Operating Budget. Divisions should review and update budgeted fund balance transfers in accordance with the instructions below.

Category	Account Codes	Discussion
Changes in Fund Balance		

Category	Account Codes	Discussion
To/Fr Regents Endowment Pool	<ul style="list-style-type: none"> • 34231 - (To)/Fr Rgnts Endow - FFE Principal – Plan 	<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 type. 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"> • 33100 - (To)/Fr Retire of Indebt - Exter Debt Srvc – Plan • 34010 - (To)/Fr Unexp Plant Fund - Cap Projects - Plan • 34039 - (To)/Fr Res for Renewal & Replacement - Plan • 34XXX - Plant Other – Plan 	<p><i>33100</i> – Divisions should use this account to plan for the aggregate flow of money for debt service in FY19.</p> <p><i>34010</i> – This account should be used to budget the outflow of equity contributions for capital projects in FY19. Divisions should not include plans for new Capital Projects requiring central contributions until approved by Capital Projects.</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>
To/From All Other Fund Balance	<ul style="list-style-type: none"> • All Other Fund Balance Changes – Plan • Prior Year Adj - Plan 	<p>In general, use of these plan-accounts is restricted to the OCFO. Divisions should seek guidance before planning fund balance transfers in any of these accounts.</p>

V. Capital Budget Process Overview

There are no central resources available for divisions' capital improvements in FY2018-19. All central resources are being directed to support the annual campus Capital Renewal Program (CRP). The revised Capital Renewal [website](#) offers current information regarding the Capital Renewal strategic plan, how to engage your Regional Manager for renewal priorities, and how to initiate a [condition survey](#). To find out who your regional manager is, please refer to the [Campus Regional Manager Map](#). For information about how to plan for and initiate your division-funded Capital Projects go to <http://realestate.berkeley.edu/initiate-project-or-initiate-project-study>. Please note that the all capital projects require formal administrative approvals at the campus, Office of the President, or Regental level. For capital projects with a projected value of over \$1 million, divisions are encouraged to consult with the Real Estate office for guidance on the approvals process.