
December 15, 2022

Memorandum

To: Department Heads and Business Managers

From: Keba Bolden
Director, Budgets and Cost Allocations

Subject: FY23/24 Budget Instructions

Enclosed are instructions for the FY23/24 budget development process. Your budget request for FY23/24 should reflect your department's fiscal requirements for all anticipated operating activity and be submitted for review to your appropriate budgetary official as specified in Attachment A. Please note that careful attention to the details outlined herein is necessary to accurately report and request approval of the University's annual operating budget to the Board of Trustees in May.

The FY23/24 budget guidelines, as well as information specific to the budget tool (SBP), are outlined in Attachment B. Step by step instructions for navigating SBP can be found at <https://finance.duke.edu/systems/training/steps.php#budget>. We encourage everyone involved in the budget preparation process to review all of the instructions in the enclosed attachments.

More detailed information pertinent to targets and deadlines will be communicated by your management center. If you have any questions that are not addressed in the attached instructions, please contact your management center budget office. Thank you in advance for your participation in the budget development process.

APPROPRIATE BUDGETARY OFFICIALS

Provost Area..... Jennifer Francis
Paige Burton
Scott Franklin

School of Medicine..... Scott Gibson
Katie Thornsvar
Rhonda Daly

Central Administration..... Daniel Ennis
John Clements
Keba Bolden

MANAGEMENT CENTER OFFICE NUMBERS

Office of Budgets and Analysis..... 684-5804

School of Medicine Finance & Resource Planning 684-6288

Academic Financial Services & Systems 684-3501

FY23/24 BUDGET GUIDELINES

SBP DATA ELEMENTS - Please note the following:

- SBP allows you to simulate different budget scenarios with two distinct budget versions (A & B). Version A is considered the official version and will be routed for budget review and approval. Version B can be used to simulate different scenarios of your budget as needed. Copy/Swap functions facilitate moving data between versions A & B. Please be careful when running these functions, as the copy/swap functions will overwrite any existing data that is contained in the version that is being copied or swapped.
- Actuals will be updated in SBP on a monthly basis during the budget development process. This update will occur after each R3 month-end close, consistent with Accounting System Administration published reporting dates. Year-end projections will be reflected in certain SBP reports as updates are made throughout the budget development cycle.
- Position budgets for filled positions have been pre-loaded based on the current actual salary and associated cost distribution for the incumbent. The payroll data loaded into SBP will be updated through December 2nd. Subsequently, you will need to manually update for any changes to payroll (e.g. rate increases, new hires, terminations, etc.) that occur during the budget development process.
- New positions created in SBP are assigned a budget-only position number that begins with the number 9. Officially, position numbers begin with the number 5 and are assigned by SAP when the position is created in HR. If a position was created last year in SBP and has not yet been created in SAP, you will have to re-create that position in SBP if the position is still desired. Additionally, budgets for vacant positions will need to be added manually into the layout with the associated cost distribution, FTE, and amount.
- The position budgets for biweekly employees are calculated in SBP by multiplying the Current Hourly Rate x FTE % x 2,080 hours.
- Fringes are set globally in SBP and calculate automatically for G/L accounts 610000, 610100, and 619900. The fringe benefit rates for FY23/24 are currently projected as follows:

	Applied To All Funds 6100	Applied To Non-Govt. 6101	Total
Faculty/Staff	25.1	1.8	26.9
Biweekly	22.8	-	22.8
House Staff/Post Docs	22.8	-	22.8
Graduate – PhD	12.0	-	12.0
Students	7.7	-	7.7

- The attrition provision of 2.5%, and associated fringes, calculates automatically when your biweekly payroll G/L accounts total \$80,000 or greater. For information on how to restore the attrition provision, please contact your management center.
- For FY23/24 budget planning purposes, we have pre-loaded the budget with an estimated 10% increase in the financial aid spending rates (please note these have yet to be approved), along with a 12.5% increase in non-financial aid endowment income (resulting from the second-half of the 25% increase in the non-financial aid units), which was approved by the Board last December and will be available for spend in FY23/24. Amounts will be pre-loaded into the recipient funds on G/L account 311100.

BUDGET SPECIFICS - Please note the following:

1. **ALL FUNDS** – As in the past, departments are required to budget operating activity across all funds, which include: current unrestricted (1xx), restricted (3xx), allocated (4xx), quasi-endowment (66X), and plant funds used for operating activities (i.e. capital renewal (74x), indebtedness (769x)). Other plant fund activity, i.e. construction projects (72X) and deferred maintenance (75X) should be budgeted separately as part of the capital budgeting process. Departments are not required to build the budgets for their non-current unrestricted activity on each individual fund, rather an aggregate approach is allowed. However, please remember the board reports are consolidated at the G/L account summary level and therefore, the all funds budgets should be built with this in mind in order to ensure the consolidated financial reports are as accurate as possible.

For your convenience, C4 (Budget Development Board Report) is included in the summary reports section of SBP. This report is in the same format as the financial reports distributed to the Board of Trustees and should be utilized to help consolidate and analyze your budgets in the same format as that which will be done by your Management Center budget offices.

2. **APPROPRIATIONS AND TRANSFERS** – Please remember to consider all sides of your appropriations and transfers as you prepare your operating budget. Offsets should be entered using the “Filter Transfer/Offset” function in SBP. For additional information on how to complete this process, see the non-position section of the Budget Tool step-by-step section at the following link: <http://finance.duke.edu/systems/training/steps.php#budget>. Recognizing that the transfer offset may occur outside of your department, management centers will confirm that both sides of all transfers are budgeted.
3. **SPREAD CODES** – Budget spread codes are pre-populated in SBP and are based on current year spreads. The use of the ACT and 3YR spread codes in SBP will result in a spread that is based on the prior fiscal year close, since the current fiscal year is still in progress.
4. **SALARY INFORMATION** – Please note the following:
 - **SALARY POOL GUIDELINES FOR STAFF** – The merit pool for FY23/24 for both exempt and non-exempt (non-bargaining unit) staff is still under consideration. For budgeting purposes, please plan for a 4% merit pool, as well as an additional 1% supplemental pool to be set aside for deans/vice presidents to utilize for critical needs (i.e. promotions, market, and retention related adjustments). For bargaining unit employees, please refer to the current bargaining unit agreements, incorporating any anticipated step increases based on milestone achievements.
 - **SALARY POOL GUIDELINES FOR FACULTY** – The faculty salary-setting process should be done in close consultation with the Provost, taking into consideration a combination of competitive benchmarking, performance/contribution, and affordability.
 - **PROPER use of G/L ACCOUNTS in budgeting employee effort** - Compliance with Federal OMB Circular A-21 requires precise assignment of G/L accounts in order to properly define each employee’s effort. Please ensure that employee salary and wages are budgeted on the appropriate G/L account. For specific help, refer to the following link: <http://finance.duke.edu/accounting/glaccts/expenses/exp60xx.php>
 - **SALARY RANGES** – Changes to existing pay ranges for FY23/24 are still under consideration. We will communicate range adjustments as soon as information is available. Job code pay ranges are not loaded in SBP. Please reference the following HR website for job code pay ranges: <http://www.hr.duke.edu/compensation/index.php>
 - **UNDERGRADUATE STUDENTS** - Payroll for undergraduate students (and any associated fringe benefits, if applicable) should be budgeted on the Student tab in SBP. Fringe benefits for students should be manually calculated and budgeted on G/L account 610500. Fringe benefits (FICA at 7.7%) should only be

budgeted on Duke Students working during the summer term who are not registered for classes. For non-Duke students (G/L account 609700), fringe benefits should be budgeted whether they are in class elsewhere or not.

- **GRADUATE STUDENTS** – Fringe benefits will be calculated for salaries budgeted on the g/l accounts used to pay RAs and TAs. Any amounts budgeted on these g/l accounts will be charged a 12.0% fringe benefit rate. Graduate student fringes will be automatically calculated and posted to g/l account 610700 in SBP. Please contact your management center for instructions regarding budgeting tuition remission.
 - **SALARY SETTING** - Position budgets will be loaded into the SAP salary setting tool for use during the 7/1 salary setting process.
5. **NON-SALARY INFLATIONARY PRESSURES** – Units are expected to closely manage non-salary costs, making trade-offs where appropriate. In the event that a unit is not able to manage non-salary costs with current resources, request for increases will be addressed as a submitted add-on request that documents the specific needs and what trade-offs would need to be made without the additional funding.
- **GENERAL AND ADMINISTRATIVE EXPENSES** - (g/l accounts 900200-901199) will largely be driven by the salary pool, as well as investments in priority areas of focus for the University. For planning purposes, was suggest building in a 5-6% increase for G&A.
 - **SPACE RENT** – Anticipated to grow by 8-10%, reflecting 5-7% anticipated growth in M&O and Utility costs, combined with the previously approved 3% step-up in deferred maintenance funding. Total space rent estimates will be available in early February and will be communicated to rent payers accordingly.
 - **VoIP RATES** - No anticipated increase in FY23/24. Rates are as listed below.

	Rate
VoIP Digital*	\$ 18.00
VoIP Analog**	\$ 20.00
VoIP SoftPhone**	\$ 16.00
VoIP Infrastructure**	\$ 16.00

**VoIP Digital monthly rate includes the cost of telephone handsets*

***VoIP Analog, SoftPhone, and VoIP Infrastructure monthly rates do not include handset or other equipment*

Please note that digital lines converted to softphones will be subject to a \$200 “reinstall” charge if the customer returns to a VoIP digital line rate (which includes the physical handset).

6. **SERVICE CENTER RECHARGE RATES** – Rate increases may be necessary to help cover the cost of providing services. Federal reimbursement regulations require us to follow very specific guidelines for administering Service Centers and related pricing/charge-back mechanisms. For more information, please refer to <http://finance.duke.edu/accounting/gap/m200-300.php>.

Please contact your management center with specific questions regarding any other budgetary items.