

U.T. System: Recommendation to Approve 2004 Budget Preparation Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities and Calendar for Budget Operations

RECOMMENDATION

With the concurrence of the U. T. System Executive Officers, the Chancellor recommends that the U. T. Board of Regents approve the following Budget Preparation Policies and Limitations and Calendar for use in preparing the 2004 Operating Budget for the U. T. System as set out below:

U. T. System 2004 Budget Preparation Policies

General Guidelines – The regulations and directives that will be included in the General Appropriations Act enacted by the 78th Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the 2004 Operating Budget, the president of each component institution should adhere to guidelines and policies as detailed below and as included in the General Appropriations Act. Following legislative approval of the General Appropriations Act, the Chancellor will issue detailed instructions regarding the implementation of those regulations and directives into the component budget process.

Overall budget totals, including reasonable reserves, must be limited to the funds available for the year from General Revenue Appropriations, Estimates of Educational and General Income, and limited use of institutional unappropriated balances.

Salary Guidelines – Recommendations regarding salary policy are subject to the following directives.

1. Salaries Proportional by Fund – Unless otherwise restricted, payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in Texas Education Code Sec. 51.009 (a) and (c), shall be proportional to the source of funds.
2. Merit Increases – Subject to available resources and resolution of any major salary inequities, institutions should give priority to implementing merit salary increases for faculty and staff.

Merit increases or advances in rank for faculty are to be on the basis of teaching effectiveness, research, and public service.

Merit increases or promotions for administrative and professional staff and classified staff are to be based on evaluation of performance in areas appropriate to work assignments.

To be eligible for a merit increase, classified staff must have been employed by the institution for at least six months as of August 31, 2003.

3. Other Increases – Equity adjustments, competitive offers, and increases to accomplish contractual commitments may also be granted in this budget and should also consider merit where appropriate, subject to available resources. Such increases should be noted and explained in the supplemental data accompanying the budget.
4. New Positions – Subject to available resources, new administrative and professional, classified staff and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.
5. Tobacco Settlement Funds – The distribution from the Endowment Funds appropriated to Higher Education and to the Permanent Health Fund for Health Related Institutions should be estimated at \$0.047 per unit as shown in the following tables:

Individual Endowments	
Component	Annual
U. T. El Paso	\$1,175,000
U. T. SWMC Dallas	2,350,000
U. T. MB Galveston	1,175,000
U. T. HSC Houston	1,175,000
U. T. HSC San Antonio	9,400,000
U. T. MDA Cancer Ctr.	4,700,000
U. T. HC Tyler	1,175,000
U. T. RAHC*	940,000

*Lower Rio Grande Valley Regional Academic Health Center (RAHC)

Permanent Health Fund	
Component	Annual
U. T. SWMC Dallas	\$2,210,594
U. T. MB Galveston	1,875,745
U. T. HSC Houston	1,807,273
U. T. HSC San Antonio	1,651,546
U. T. MDA Cancer Ctr.	1,751,117
U. T. HC Tyler	1,219,323

6. It is the expectation that 2004 salary increases for merit, equity, or other reasons be included in the Operating Budgets.

Staff Benefits Guidelines – Recommendations regarding the state contribution for employee staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the General Appropriations Act. Upon approval of this legislation, the Chancellor will issue appropriate instructions regarding the implementation of the benefits into the budget process.

Other Employee Benefits – Employer contributions to the self-insured Unemployment Compensation Fund are based on an actuarial study. Workers' Compensation Insurance rates are experience rated for each component. The Chancellor will issue appropriate instructions regarding the implementation of Unemployment Compensation Fund and Workers' Compensation Insurance Benefits.

Other Operating Expenses Guidelines – Increases in Maintenance, Operation, Equipment, and Travel are to be justified by expanded workloads, for developing new programs, or for correcting past deferrals or deficiencies.

Budget Reductions and Limitations – The General Appropriations Act may contain provisions requiring budget reductions and budget restrictions, which may impact the 2004 Operating Budget. Upon approval of this legislation, the Chancellor or other appropriate authority will issue instructions regarding the implementation of any of these reductions and limitations into the budgeting process.

2004 Operating Budget Calendar

May 8, 2003	U. T. Board of Regents approves budget policies
June 2-9, 2003	Budget goals and priorities/resource allocation hearings with System Administration
June 20, 2003	Draft copies of budgets, salary rosters, and supplemental data due to System Administration
June 30 – July 8, 2003	Technical Budget hearings with System Administration
July 14, 2003	Final copies of budgets due to System Administration
July 30, 2003	Operating Budget Summaries mailed to U. T. Board of Regents
August 6-7, 2003	U. T. Board of Regents approves Operating Budget
August 15, 2003	Approved budgets and salary rosters due to System Administration for copying and binding

BACKGROUND INFORMATION

The U. T. System 2004 Budget Preparation Policies will track the regulations and directives that will be included in the General Appropriations Act to be enacted by the 78th Texas Legislature. Following legislative approval of the General Appropriations Act, the Chancellor will issue detailed instructions regarding the implementation of these regulations and directives.