

U. T. System: Approval of the Fiscal Year 2006 Budget Preparation Policies and Calendar for budget operations

RECOMMENDATION

With the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs, the Chancellor recommends that the U. T. Board of Regents approve the Budget Preparation Policies and Calendar for use in preparing the Fiscal Year 2006 Operating Budget for the U. T. System as set out below:

U. T. System Fiscal Year 2006 Budget Preparation Policies

General Guidelines - The regulations and directives that will be included in the General Appropriations Act enacted by the 79th Texas Legislature serve as the basis for budget preparation guidelines and policies. In preparing the draft of the Fiscal Year 2006 Operating Budget, the president of each institution should adhere to guidelines and policies as detailed below and to other directives included in the General Appropriations Act. After legislative approval of the General Appropriations Act, the Chancellor will issue detailed instructions regarding the implementation of those regulations and directives into the institutional 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 Policy 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* Section 51.009 (a) and (c), shall be proportional to the source of funds.
2. Merit Increases and Promotions - 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 staff are to be based on evaluation of performance in areas appropriate to work assignments.

To be eligible for a merit increase, staff must have been employed by the institution for at least six consecutive months ending August 31, 2005, and at least six months must have elapsed since the employee's last merit salary increase.

3. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments should also consider merit where appropriate, subject to available resources.
4. New Positions - Subject to available resources, new positions are to be included in the budget only when justified by workloads or to meet needs for developing new programs.

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.

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 institution. Appropriate instructions will be issued 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.

2006 Operating Budget Calendar

May 11 - 12, 2005	U. T. Board of Regents approves budget policies
June 2 - 10, 2005	Major goals and priorities/resource allocation hearings with System Administration
June 24, 2005	Draft budget documents due to System Administration
June 30 - July 7, 2005	Technical budget review with System Administration
July 13, 2005	Final budget documents due to System Administration
July 29, 2005	Operating Budget Summaries mailed to U. T. Board of Regents
August 10 - 11, 2005	U. T. Board of Regents approves Operating Budget
August 23, 2005	Approved budget documents due to System Administration

BACKGROUND INFORMATION

The U. T. System FY 2006 Budget Preparation Policies will be consistent with the regulations and directives included in the General Appropriations Act to be enacted by the 79th Legislature. As written, this policy provides general direction to the U. T. System institutions and may be modified as necessary to conform to the legislation, as finally passed.

The planning and execution required to develop a proposed institutional budget prior to approval of a general appropriations act during a legislative year have made it difficult to make determinations on individual employee salary recommendations. A Board Committee, chaired by former Regent Lowell Lebermann, recognized this challenge and recommended that individual salaries not be included in the institutional operating budgets submitted for approval to the Board of Regents but be available for review in separate salary rosters. This recommendation was adopted by the Board in December 1994.

Consistent with ongoing deregulation, oversight, and accountability initiatives, the proposed recommendations do not include the requirement for separate salary rosters to be developed in advance of the August meeting of the U. T. Board of

Regents. The proposed change will not impact the current procedure for Board review of the salaries for U. T. System executive officers, presidents, and those reporting directly to the Board. Consistent with current delegation, the Chancellor has approval authority for U. T. System employees and certain employees for whom final salary approval has not been delegated to the presidents. The Board would continue to approve direct reports to the Board and presidents.