

3. **U. T. System: Approval of the Fiscal Year 2010 Budget Preparation Policies and Calendar**

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, and in consultation with Vice Chairman Foster and Regent Hicks pursuant to Chairman Huffines' April 13, 2009 directive to work with the Chancellor on reviewing the System's budget, the Chancellor recommends that the U. T. System Board of Regents approve the Budget Preparation Policies and Calendar for use in preparing the Fiscal Year 2010 Operating Budget for the U. T. System as set out below:

U. T. System Fiscal Year 2010 Budget Preparation Policies

General Guidelines - The regulations and directives that will be included in the General Appropriations Act to be enacted by the 81st Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the Fiscal Year 2010 Operating Budget, the president of each 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 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 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 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, administrative and professional staff and classified staff must have been employed by the institution for at least six consecutive months ending August 31, 2009, 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. Subject to guidance issued by the Chancellor, 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 staff, classified staff, and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.
5. Reporting - The Chancellor will issue guidance on reporting of salary changes and amounts. It is expected that required reports will encompass high-ranking staff covered by Regents' Rules 20203 and 20204 along with those staff receiving significant changes in compensation.

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 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 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. Upon approval of this legislation, instructions will be issued regarding the implementation of any reductions and limitations into the budgeting process.

BACKGROUND INFORMATION

The U. T. System FY 2010 Budget Preparation Policies will be consistent with the regulations and directives included in the General Appropriations Act to be enacted by the 81st Texas 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 UNIVERSITY OF TEXAS SYSTEM
FY 2010 OPERATING BUDGET CALENDAR**

May 14, 2009	U. T. System Board of Regents takes appropriate action on budget preparation policies
June 1 - 12, 2009	Major goals, priorities, and resource allocation hearings with U. T. System Administration
June 29, 2009	Draft budget documents due to U. T. System
June 29, 2009	High-ranking staff covered by Regent's Rules 20203 and 20204 and top-ten salary reports due to U. T. System
July 2 - 8, 2009	Technical budget review with U. T. System
July 8 - 9, 2009	U. T. System Board of Regents' Special Compensation Committee to evaluate Presidents and Executive Officers
July 15, 2009	Final budget documents due to U. T. System
July 31, 2009	Operating Budget Summaries mailed to the U. T. System Board of Regents
August 14, 2009	Salary change report due to U. T. System Administration
August 20, 2009	U. T. System Board of Regents takes appropriate action on Operating Budget