Office of Financial Planning & Analysis (FP&A)

FY 2023 BUDGET & PLANNING GUIDELINES

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Table of Contents

OVERVIEW

As the University enters the FY 2023 budget development process, we would like to recognize the unparalleled effort, solidarity, and business continuity determination demonstrated by all faculty and staff, which has solidified the financial stability of the University and enabled it to continue on its path of academic and administrative excellence. The following University guidelines provide a planning framework for the FY 2023 budget development process by emphasizing transparency, financial growth and stewardship, while aligning the University's commitment to its people and the multi-year strategic financial plan with each individual unit. Adherence to these guidelines will ensure the University remains a leader in the higher education community as well as promoting the individual success for all budget units.

While some units (e.g., Schools and Colleges) may augment these guidelines as necessary, please note that unit specific guidelines do not supersede University guidelines. The University guidelines are University-wide and applicable to all units unless otherwise noted. On behalf of Provost Duerk and Dr. Travisano, the team at the Office of Financial Planning and Analysis looks forward to a successful and progressive budget development process for FY 2023.

As always, we are here to help and assist with any questions, concerns, or feedback on these instructions or any other budget related matter. Please feel free to contact us at the Office of Financial Planning and Analysis (FP&A) "suggestions/feedback e-mail box" at FinancialPlanning@miami.edu.

EMPHASIS ON PLANNING

Strategic long-term financial planning is vital to achieve the University's efforts of a sustainable and vibrant financial future. Long-term planning is a catalyst that promotes proactive thinking, which enables the University to take actions that minimize future risk and exposure while maximizing opportunities and managing impact.

Each unit is required to develop long-term operating and capital plans and priorities comprised of prudent and consistent assumptions that assist University leadership in assessing potential risks and leveraging opportunities that align with the University's mission and strategic plan.

FY 2023 DELIVERABLES

The ever-changing landscape in both higher education and healthcare require a planning focus versus an incremental budget approach. The following deliverables will be required from all units during the FY 2023 budget development process:

Executive Summaries

All units are asked to complete an executive summary of the FY 2023 budget that synthesizes the programmatic and financial activity of the unit. The executive summaries are intended to provide Executive Leadership with a snapshot of the unit's composition, financial health and strategic initiatives anticipated for FY 2023.

FP&A will distribute standard templates for executive summaries via e-mail to each unit's Business Officer on **December 17, 2021**. The executive summary is to be submitted electronically to FP&A via e-mail to: FinancialPlanning@miami.edu by **February 4, 2022,** or three days prior to the unit's scheduled budget meeting, whichever comes first.

The executive summary template will provide an opportunity for units to discuss the following:

- Programmatic, operational, and fiscal goals for FY 2023, in the context of a stable operating plan
- Significant financial changes and/or new initiatives
- Explanation of anticipated growth/decline in program revenues and/or expenditures
- Strategically critical budget requests
- Planned use of reserve funds and specific purposes
- Significant capital requests (as defined in Capital Planning guidelines), including equipment and renovations linked to start-up commitments

Multi-Year Net Tuition Revenue Plan

For planning purposes, the University has inserted a placeholder for a tuition rate increase of **3.8%** for FY 2023. All schools and colleges, the Division of Continuing and International Education (DCIE), and Study Abroad are required to develop tuition revenue plans in Tidemark that include gross tuition revenue and related waivers/discounts by academic plan, term, student headcount, and average credit load for FY 2023 through FY 2028. The due date for all multi-year net tuition revenue plan inputs in Tidemark is **January 14, 2022**.

Multi-Year Operating Plan

All units are required to submit a five-year operating plan in Tidemark, beyond the underlying FY 2023 budget. The plans should assume organic inflators provided in **Attachment I** and include programmatic enhancements in the form of either growth or restructuring over the five-year planning horizon. The due date for all multi-year operating plan inputs in Tidemark is **February 18, 2022.**

Multi-Year Faculty Recruitment Plan

All Schools and Colleges are required to submit a five-year faculty recruitment plan in Tidemark by **January 31, 2022**. As communicated in the Faculty Planning guidelines, any requests to increase faculty count above the approved watermark should be outlined and explained with each unit's final faculty plan submission via a justification memo. Please refer to the Faculty Planning guidelines for additional information.

Multi-Year Capital Plan

All units anticipating capital purchases and/or capital projects greater than $5,000 and $25,000, respectively, are required to submit a five-year capital plan in Tidemark. The submissions include timing, priority rank, and funding source (e.g., gift, operations, etc.) of cash flows for each item/project and are due by **December 15, 2021,** please refer to the capital guidelines for additional information. Any item not included as part of the FY 2023 capital plan submission will be treated as an "out of cycle request" and does not guarantee consideration for approval during FY 2023, even if "funds are available". To be clear, the emphasis and effort should be on planning. Final decisions (i.e., Approved/Withheld) of all submitted capital items will be made available in Tidemark once the FY 2023 Plans are reviewed and approved by Executive Leadership.

BUDGET DEVELOPMENT PROCESS & PARAMETERS

All units are required to develop the FY 2023 budget in accordance with the guiding principles of the accrual basis of accounting. As such, units should no longer budget in the period where the revenue or expense are received/paid; instead, the budget should reflect revenue in the period(s) they are expected to be earned and expenses in the period they are expected to be incurred.

OPERATING REVENUES

Academy Funding Model

The academy funding model for Schools and Colleges launched in FY 2021 is designed to allocate funding based on key performances metrics and standards. Performance-based funding aims to provide Academic Deans and Senior Business Officers with a consistent, transparent and measurable basis tied to student success. The four drivers of value identified for the allocation of undergraduate tuition are: credit hours taught, first year retention rates, majors declared, and degrees awarded. Additional information and data points will be provided to Academic Deans and Senior Business Officers directly.

Starting in FY 2023, the academy funding model will include a revenue sharing component for summer tuition and indirect cost recovery (IDC), and a scaled approach to distribute funding incentives for the first-year retention metric as follows:

- Summer tuition revenue will be shared on the same distribution basis set for fall and spring in the performance model.

- The distribution of IDC will be 15% on any excess IDC generated after the baseline has been met. The baseline for IDC revenue share calculation was established as the 3-year average revenue generated by each school, excluding The Rosenstiel School of Marine and Atmospheric Science (RSMAS). This parameter was set to ensure schools are rewarded for reasonable performance above the school's average. Allocations will be updated in Tidemark, if applicable, once all grant budget inputs and related IDC are final. IDC revenue share will be subject to a year-end true-up based on actual activity.

- The Academy is no longer providing 100% funding for the retention metric incentive for schools and colleges that have not met the retention target. This metric is now scaled to reflect earned incentive funding based on first-year retention achieved in fall 2021 benchmark.

Tuition and Fees

For planning purposes, the University has inserted a placeholder for a tuition rate increase of **3.8%** for FY 2023. As mentioned above, all schools and colleges, the Division of Continuing and International Education (DCIE), and Study Abroad are required to develop tuition revenue plans in Tidemark that include gross tuition revenue and related waivers/discounts by academic plan, term, student headcount and average credit load for FY 2023 through FY 2028.

Grants and Contracts

Tidemark is currently configured to recognize revenue for all grants on a cost reimbursable basis. As such, units should be estimating expenditures rather than dollars awarded. The two are not mutually exclusive, therefore a unit may want to base expenditure forecasts on the trend of proposal and award activity, adjusted for timing due to delay between award and expenditure.

During the budget development of sponsored activity, instances arise where units have yet to receive sponsored driver worktags due to multiple factors. In such instances, units should use existing "Grant Placeholder" drivers (PGGRs) or request the creation of a "Grant Placeholder" driver in lieu of an official sponsored account. These "Grant Placeholder" drivers serve for planning purposes only.

Consistent with prior years, the Office of Financial Planning and Analysis (FP&A) will no longer create unique "dummy" accounts. Instead, for planning purposes, each cost center can request up to two (2) "Grant Placeholder" drivers (Federal and Non-Federal) for sponsored activity under fund FD014 and two (2) "Cost Share Placeholder" drivers for related sponsored activity in unrestricted funds. Each unit will be required to provide a blended rate that will be used to calculate indirect cost recovery using the modified total direct costs basis (MTDC).

Please contact the Office of Financial Planning and Analysis to request "Grant Placeholder" and "Cost Share Placeholder" drivers on the Coral Gables & RSMAS campuses. For the Miller School of Medicine, please refer to the MSOM supplement for further instructions.

Coral Gables & RSMAS units must submit the request to Jaime Mercado at jxm1626@miami.edu and include the following required information:

- Cost Center ID and description
- Driver type: "Grant" or "Cost Share"
- Fund code
- Federal or non-federal flag
- Blended IDC rate
- Default driver worktag (to be used for costing allocations feed to Workday)

Indirect Cost Recovery ("ICR" or "IDC")

Indirect Cost Recovery ("ICR" or "IDC") will be automatically calculated for FY 2023 in Tidemark. For active grants, the IDC calculation will be based on the rate and cost basis as defined in Workday. The calculation for "Grant Placeholder" drivers will be based on the blended rate and cost basis assigned to the driver upon creation in Tidemark. If further clarification is required, please contact the Office of Financial Planning and Analysis.

Gifts and Net Assets Released from Restriction (NARR)

All units should have a sound understanding of gift restriction classifications. Restricted gift drivers are identified in Workday with fund FD050 as the default fund. Below please find general guidance related to the accounting treatment for restricted gifts:

Donor contributions (gifts) increase net assets (fund balances). Generally, a contribution has donor-imposed restrictions; the gift may be restricted by time and/or purpose. Purpose restrictions expire when the purpose has been met. For example, if a donor contributes to a scholarship fund for accounting students, the restriction is met once the scholarship is awarded. Generally, time restrictions include a promise to give at a future date (pledges); in this case, the time restriction is met when the pledge payment is due.

Net assets are released, and reclassification entries are made when the time and/or purpose restrictions have been met. Units planning for the receipt and/or use of restricted gifts should budget accordingly. Please refer to **Attachment II** for additional guidance on budgeting net assets release from restriction. The FP&A team will work with each unit to classify gifts that are unrestricted and/or temporarily restricted as needed.

Endowment Spending Distribution

The Office of Financial Planning and Analysis uploaded to Tidemark the preliminary endowment spending distribution for FY 2023 on **Thursday, December 2, 2021**. Units are expected to budget expenses funded by endowment income against the endowment driver worktag "ENxxxxxx".

As communicated throughout the FY 2022 operating cycle, there is a university-wide effort for all units to proactively review their restricted gift balances, including endowment balances and gift reserves, and effectively plan the use of those dollars in FY 2023. The key is to identify the operational activities that meet donor intent and plan the spend accordingly to properly steward our relationship with donors. It is imperative for units to review gift accounts without recent expenditures so they can be addressed. Units that identify endowments with restrictions that are too difficult to meet should work directly with Advancement in seeking alternatives with donors.

Auxiliaries

Consistent with prior year, all Auxiliary Enterprises, including the Division of Athletics, will contribute University Support in order to offset central cost for university administrative services currently provided to Auxiliaries and Athletics. Business Officers are required to model their long-term plans with the assumption of university support contribution.

OPERATING EXPENSES

Compensation and Benefits

For planning purposes, the fiscal year 2023 salary merit pool for faculty and staff has been set **not to exceed 5.0%** for the Coral Gables and RSMAS campuses, including shared service functions (i.e., Information Technology, Human Resources, etc.). This placeholder is for planning purposes only and should not be construed as a commitment or final operational decision. Schools and Colleges in the Coral Gables and RSMAS campuses will determine a merit pool consistent with their respective financial model and unique circumstances. Units (e.g., Schools) are allowed to augment these guidelines as necessary; however, these guidelines cannot be superseded by unit-specific guidelines. These guidelines are University-wide and applicable to all units unless otherwise noted.

Merit and position planning panels in Tidemark are open for input**. All units** should enter merits for faculty and staff, along with allowances and supplements in Tidemark by **January 31, 2022.**

Please note, all units will have an opportunity to make budget neutral merit updates to the budget after the Board of Trustees' review of the University's FY 2023 Plan of Operations (April 2022). The Office of Financial Planning and Analysis will provide supplemental instructions under separate cover subsequent to the Board's review of the Plan.

Salary Merit Pool

The merit pool are the funds available to recognize meritorious effort. The basis for merit increases is individual performance and affordability. The merit pool is **not** an automatic increase. Deans and Vice Presidents are encouraged to distribute merit award dollars based on the employee's accomplishment of goals and competencies as documented in the employee's performance review. For additional guidance, please consult the unit's respective HR partner.

Only employees with a regular hire date prior to January 1, 2022, are eligible for merit. The merit pool is calculated based on each unit's salary base as of December 31, 2021. For Phase 1 of the planning cycle, the merit pool will be estimated by using each unit's salary base as of December 12, 2021. However, please note that the merit pool will be refreshed after January 1, 2022, to capture any new or terminated employees.

As a reminder, the merit pool calculation is comprised of the following criteria: employee type, earnings type and FTE > 0.50 on primary position. The calculation excludes unfilled positions (i.e., TBAs), allowances, and overloads. Faculty administrative supplements are eligible for merit in FY 2023 unless circumstances unique to each unit's financial model requires a different assumption.

Supervisors must ensure merit awards do not exceed the established FY 2023 merit pool budget for the unit. Merit awards or any other compensation adjustment recommendation above the approved percentage requires approval from the unit's business officer, HR Partner, and Dean/VP or Department Head/Vice Chair. In all cases, do not communicate any promotion and/or salary adjustment to employees until the approval process is completed.

The Office of Financial Planning and Analysis and the Office of Human Resources will monitor the merit process to ensure compliance with the applicable guidelines. Units should not communicate salary increases to employees until authorized by each unit's senior management.

Faculty Salary "Promotion and Adjustment" Pool

Starting in FY 2023, we have consolidated the faculty promotion and adjustment pool with the salary merit pool. Schools and Colleges anticipating exceeding the salary merit pool will need to submit a budget request that details by faculty member the promotion, retention, or extraordinary case to the Office of Financial Planning and Analysis by the due date reflected in the timeline below.

Other Salary Pool Matters

Please note, for faculty and staff promotion, retention, or extraordinary cases (per individual), the merit pool allocated is required to be exhausted first before requesting any additional funding or an increase to the merit pool threshold. In other words, if a request for a faculty or staff promotion requires a salary increase, then the incremental funding request would be limited to the amount over and above the announced merit increase.

The aforementioned salary pool and overall salary growth limits apply to all campuses (with noted exceptions) and funds, including sponsored and restricted funds. Moreover, the salary guidelines apply to all units with salaries funded extramurally.

Please note, all units in the Coral Gables and RSMAS campuses anticipating exceeding the salary merit pool will need to submit a budget request that details by employee the promotion, retention, or extraordinary case to the Office of Financial Planning and Analysis by the due date reflected in the timeline below.

For units that receive U-Dollar allocations, the merit pool funding derives from the approved salary merit percentage multiplied by the salary base for eligible employees hired before January 1, 2022. Furthermore, the salary merit percentage does not apply to student wages, graduate stipends, overtime/overloads, and TBA positions or positions not expected to be in the budget as of June 1, 2022. In addition, the calculation does not factor any reclassifications from non-compensation dollars to compensation dollars without receiving the expressed prior approval from the Office of Financial Planning and Analysis. All other units not receiving a U-Dollar allocation are also required to adhere to the salary pool guidelines. As previously mentioned, the Office of Financial Planning and Analysis and the Office of Human Resources will monitor the merit process to ensure compliance with the guidelines. Units should not communicate salary increases to employees until authorized by each unit's senior management.

For units budgeting base salary with pay band discrepancies, where a salary/wage after merit exceeds the pay band maximum, Tidemark will cap the salary/wage at the maximum and calculate the remaining compensation as a lump sum. Please note, lump-sum compensation requires an independent costing allocation in Tidemark using "Lump Sum Pay" as the "Distribution Type" in order to be distributed in the budget. Lump sum distributions should be costed in Tidemark with a start date of 6/01/22 and end date of 06/30/22.

As a point of emphasis, promotions and new positions will not roll into Workday. For detailed instructions on how to budget for promotions, replacements, new positions and costing allocations for lump-sum merits, please refer to the Tidemark tip sheets.

Units should submit staff promotions to the respective campus' human resources office for review and approval to ensure adherence to salary guidelines and policies. If the salary pools (merit and "promotion and adjustment", if applicable) were insufficient to cover promotions, then an incremental source (e.g., revenue, reassigned cost, or incremental budget allocation) is required for approval.

New and Unfilled Positions (i.e., TBA Positions)

TBA positions unrelated to a promotion should be budgeted with a start date of June 1, **only** if hiring commences in June; otherwise, a seasonalized start date is required to minimize unfilled position variances. TBA positions budgeted as lump-sum are not permitted. Funding for TBA positions covers the position itself or adequate coverage of the position's function which may require budgeting temporary staff to "back-fill" a position or budgeting overtime for departments to maintain service levels consistent or at acceptable minimum levels. Any unused portion of TBA position funding exists at the discretion of the Dean or Vice President to apply towards other salary related matters only. **Please note, the salary expense to be covered by such discretion, should be one-time in nature.** The funding is not discretionary for other purposes beyond salary. The transfer of unused funds to reserves at year-end requires approval from the Office of Financial Planning and Analysis (Coral Gables & Rosenstiel Campuses only). If a position vacancy yields temporary savings (i.e., time lapse between prior employee and replacement) these savings should be reflected in the budget as a favorable variance from allocation. Please contact a member of our team if you need assistance.

Vacancy Rates

Starting in FY 2023, Schools and Colleges, Auxiliary enterprises, IT and Facilities are required to budget a vacancy rate at the unit level to account for savings due to turnover, attrition, hiring trends, delays in recruitment, etc. The Office of Financial Planning and Analysis will calculate and enter in the system a vacancy rate by unit once Phase 1 of the plan is closed, in order to offset salaries and wages in the plan at the unit level without affecting Position Planning; this will allow transparency of all positions approved in the plan. However, each unit is still required to monitor hiring, salaries and wages and overall expenditures to stay within the overall bottom line. Budgeting for vacancy savings is not intended to restrict hiring, instead, it reflects in the plan a proactive management of personnel costs. The vacancy rate will be calculated at the unit level and further instructions will be communicated with each unit's respective Business Officer.

Remote Work Pilot Program Allowance

The Remote Work Pilot program which takes effect in January 2022 will need to be incorporated within the FY 2023 budget for all units participating in the program, as applicable. The allowances will need to be planned for utilizing spend category SC06986 - Cell Phone Allowance and the new allowance plans now available in Tidemark:

- Hybrid Work with Cell Phone
- Hybrid Work without Cell Phone

Administrative and academic support units in the Coral Gables & RSMAS campuses participating in the program will need to absorb the allowance costs through operating savings and other cost reductions in the plan. If a unit is unable to absorb the allowance costs, a formal budget request will need to be submitted in Tidemark, via panel *11.5 Activity Pay & Allowance Budget Request* within Position Planning.

Hours for Non-exempt staff

Tidemark automatically calculates the hours for non-exempt staff, however, for informational purposes, the work hours for non-exempt staff working 8-hour days or 7.5-hour days during FY 2023 will be 2,088 and 1,957.5, respectively.

Budgeting Overloads and Lump-Sums

Consistent with prior year, budgeting unallocated compensation dollars as overloads, lump-sums, placeholders or pooled positions is not permitted without written justification and approval. Schools and Colleges anticipating the need for adjunct faculty or teaching overloads are allowed to budget pooled faculty positions if the appropriate FTE is reflected. Schools and Colleges may need to estimate FTE for pooled positions based on the average compensation rate for each employee group. Please note, this is important for FTE reporting during the planning cycle.

Composite Fringe Benefit (CFB) Rates [Preliminary]

Table 1 provides the FY 2023 preliminary CFB rates by spend category for both, federal and non-federal purposes. The preliminary rates serve as **placeholders** for budgetary purposes with the understanding that such rates will change once the FY 2023 CFB Proposal is submitted by January 10th.

Table 1: Composite Fringe Benefit (CFB) Rates

	MEDICAL DIVISION				ALL OTHER DIVISIONS			
	Salary Category	CFB Category	FY 2023 CFB %		Salary Category	CFB Category	FY 2023 CFB %	
			Fed	Non-Fed			Fed	Non-Fed
Faculty								
Clinical Faculty	SC06071/79	SC07072	17.6%	18.4%	---	---	---	---
Other Full-Time Faculty	SC06061/69	SC07061	27.4%	27.9%	SC06011/19	SC07011	27.4%	27.9%
Non-Faculty								
Administrative / Full-Time	SC06261/69	SC07065	37.5%	41.8%	SC06201/09	SC07015	37.5%	41.8%
Research Scientist / Full-Time	SC06081/89	SC07065	37.5%	41.8%	SC06031/39	SC07015	37.5%	41.8%
Post-Doctoral Associates	SC06090	SC07061	27.4%	27.9%	SC06040	SC07011	27.4%	27.9%
Staff Physicians / Full-Time & Part-Time	SC06264	SC07072	17.6%	18.4%	---	---	---	---
Staff, Other / Full-Time	SC06361/69	SC07065	37.5%	41.8%	SC06301/09	SC07015	37.5%	41.8%
Part-Time								
Part-Time Faculty	SC06063/68	SC07068	10.6%	10.6%	SC06013/18	SC07018	10.6%	10.6%
Part-Time Administrative	SC06263/68	SC07068	10.6%	10.6%	SC06203/08	SC07018	10.6%	10.6%
Part-Time Research Scientist	SC06083	SC07068	10.6%	10.6%	SC06033/38	SC07018	10.6%	10.6%
Residents	SC06262	SC07068	10.6%	10.6%	---	---	---	---
Part-Time Staff, Other	SC06363/68	SC07068	10.6%	10.6%	SC06303/08	SC07018	10.6%	10.6%

Graduate Assistants

The Graduate School will continue to work with each school/college to maintain competitive stipend levels for each graduate program. If a program's stipend level is not competitive with peer programs on a national scale, please submit a request for an increase to the Office of Financial Planning and Analysis through the Dean of the Graduate School for consideration. The request should include the number of stipend "slots" available per program.

The Graduate School will continue to provide funds to help cover the cost of health insurance for eligible Coral Gables campus graduate students (TAs, GAs, RAs, Fellows, and Trainees enrolled in Ph.D., D.M.A. and M.F.A programs). All eligible graduate students will receive an 80% credit towards the annual cost of the Student Health insurance plan. For more details, please refer to the Graduate School's website. Units should budget graduate student health insurance in Tidemark using spend category SC07029 (CG & RSMAS) or SC07089 (Medical) as applicable.

U-Dollar Allocation

U-Dollar allocations will be accessible in Tidemark. For MSOM units, please refer to the medical supplement for allocation information.

All units are required to budget expenses funded via a U-Dollar allocation in the General Fund. Budgeting expenses "funded" from the U-Dollar allocation in designated, restricted, or sponsored accounts is **not** allowed.

Each unit receiving a U-Dollar allocation cannot budget in excess of the total allocation amount, exclusive of revenue targets. However, units forecasting operating efficiencies are allowed to reflect it in the budget as an operating surplus.

The following table depicts the U-Dollar allocation categories and is for informational purposes only. This does not apply to schools and colleges under the new performance-based funding model. All variables are subject to change. Each unit's respective "U-Dollar" allocation contains the details based on actual parameters and decisions for the upcoming fiscal year.

Faculty	• Approved tenured and tenure-track faculty lines - salary and CFB • Other approved faculty lines (i.e., lecturers) - salary and CFB
Staff	• Approved staff support – salary and CFB
Part-Time (all personnel)	• Approved part time coverage – salary and CFB
Graduate Stipends	• Competitive stipends for each graduate program by respective School or College (Note: Principles for graduate program size should be developed for each program)
Supplies and services (non-comp)	• All non-compensation expenses required to operate each respective unit
One-Time Commitments	• One-time commitments as approved by Sr. Leadership. Includes initiatives, program seed funding, etc.

U-Dollar Allocation Reclassifications

U-Dollar allocation funding should be budgeted as intended. Reclassifications between categories (e.g., non-compensation to compensation) are restricted without written approval from the Office of Financial Planning and Analysis. The calculation for the merit and "promotion and adjustment" pool do not factor funding that is reclassified from non-compensation to compensation.

As a reminder, units that receive an allocation are **not allowed** to shift funding to another unit or repurpose non-compensation dollars to compensation without prior written approval. Funding is allocated to each unit based on availability of resources and strategic priorities. As such, all incremental budget requests must be reviewed and approved by Executive Leadership during the budget cycle.

Telecommunications Rate Model

A new Telecommunications Rate Model has been presented and is currently in the review process. At this time, for planning purposes only, no changes are anticipated for FY 2023 planning. The current telecommunication charges will be frozen until FY 2024, unless the new rate model is approved for FY 2023 implementation. Any new requests will be received and charged out in the regular process. Telecommunications will also be processing any phone/line disconnections that each department submits, however, the disconnection will not result in a reduction of charges and the telecommunication costs associated with the disconnections will remain. For FY 2023, all telecommunication charges should be budgeted as in the previous fiscal year, unless otherwise communicated during the planning cycle.

Reserve Funds Spending Guidelines

The use of "reserves"—commonly referred to as "balance forward"—must be strategically and actively managed in order to maintain the University's fiscal health and long-term stability. Each unit is required to estimate its reserve drawdown and budget accordingly. Proper planning for the use of reserves allows the University to manage its multiple levers to reach the required operating margin.

Reserve funds include **unrestricted net assets** which originate from sources including, tuition and fee revenue, auxiliary revenue, and gifts and endowment income designated as unrestricted. This includes discretionary funds established by Deans and VPs.

Units anticipating the use of reserve fund balances must submit a budget request in Tidemark, indicating the purpose of the drawdown and funding source (Unit Reserves or Gifts on Hand). Examples of allowable reserve funds spending include scholarships, endowed professorships, and faculty start-up. Reserve funds cannot be used for permanent/recurring expenses such as employee salaries (except for endowed professorships). All reserve drawdown requests will be reviewed as part of the budget requests process and approval decisions will be reflected in Tidemark.

As previously mentioned, all units are asked to proactively review their endowment and gift balances to effectively plan their use in FY 2023. The key is to identify operational activities that meet donor intent and plan the spend accordingly to properly steward our relationship with donors. It is imperative for units to review endowment and gift balances without recent expenditures so they can be addressed. Units that identify endowments and gifts with restrictions that are too difficult to meet should work directly with Advancement in seeking alternatives with donors.

Cross Departmental Support (i.e., Crossovers)

All units involved in intercampus support arrangements should respect each other's planning efforts and time constraints. Each unit should respond to each other's request on a timely basis. However, if response time is unsatisfactory, please copy the Office of Financial Planning and Analysis on the request to facilitate a resolution.

Zero-Base Budgeting

All units on the Coral Gables and RSMAS campuses are required to budget following the zero-based budget method. This includes revenue-producing units such as Auxiliaries, Athletics, and the School of Law. The primary purpose of the non-compensation zero-based effort is to attain a clear and thorough understanding of non-compensation spending which has evolved over time.

Contingency

All auxiliaries, Athletics and self-supporting schools (e.g., School of Law) should include a budget contingency amount in FY 2023 using spend category "**SC06912 – Contingency**". The amount recommended is 2.0% of total net operating revenue (exclusive of gifts).

Accounting for contingencies is a sound budgeting practice used to mitigate the risks associated with each unit's business specific revenue streams and circumstances. Similarly, the University budgets a reasonable and appropriate contingency to mitigate University-wide risk.

BUDGET MEETINGS

All units on the Coral Gables and RSMAS campuses have the opportunity to attend a budget meeting with leadership. Budget meetings are intended to provide a forum for each unit's leader to present a comprehensive budget proposal where material increases in personnel, capital and operational funding is identified and discussed.

Units are required to present the FY 2023 budget at the meeting. Executive summaries are due on February 04, 2022, or three business days prior to the scheduled meeting; whichever comes first. All Business Officers are encouraged to prepare the necessary commentary to support material changes to the baseline budget and/or strategic investments in new or existing programs.

PLAN SUBMISSION, REVIEW AND APPROVAL

The Office of Financial Planning and Analysis reviews each unit's respective budget (i.e., information in Tidemark) and multi-year plans for completeness and accuracy with respect to the preliminary allocations. Included in this review of the preliminary budget will be an assessment of each unit's budget. This assessment will verify that the budget is consistent with both the unit's goals and the University's Strategic Plan. Upon completion of the review process, and after any necessary corrections or consultation, each unit will be notified by email as to the status of its budget and multi-year plans.

BUDGET CYCLE TIMELINE

The following represents the FY 2023 budget timeline. As always, we appreciate the effort it will take to adhere to the timeline. Please review every due date carefully. Any questions as to applicability, please call the Office of Financial Planning and Analysis for guidance.

Table 2: Timetable for University of Miami Budget Cycle

Date	Description
October 2021	**Budget Cycle begins. Scenario Modeling (including global drivers and preliminary assumptions)**
November 2021	**Budget parameters/assumptions determined.** Tuition rates are reviewed, expenditure models are analyzed, and budget parameters are established
November 16, 2021	**FY 2023 Capital Guidelines are Published and Capital cycle is open in Tidemark**
December 1, 2021	**FY 2023 Budget Kick-Off sessions for Coral Gables & RSMAS campuses**
December 2, 2021	**Endowment Spending Distributions in Tidemark (Preliminary)**
December 15, 2021	**Capital Plans due in Tidemark for Coral Gables & RSMAS campuses**
January 7, 2022	**Preliminary U-Allocations are available in Tidemark.** Based on adopted budget parameters
January 7, 2022	**University Support Targets Distributed**
January 14, 2022	**Graduate revenue projections due.** Includes graduate revenue (PhD and Masters) from academic units (i.e., Schools) by term, net of tuition waivers for Coral Gables and RSMAS campuses only. **DCIE and Study Abroad tuition plans are due** **Revenue targets due.** Advancement, Graduate School, Library, Enrollment Management, Student Affairs and Student Auxiliaries
January 18, 2022	**Endowment Spending Distributions in Tidemark (Final)**
January 31, 2022	**Budget Requests due** including: Reserve Drawdown and Merit Pool Requests
January 31, 2022	**FY 2023 Operating Budgets due in Tidemark** **Faculty Recruitment Plans due in Tidemark.** All Schools and Colleges submit proposed faculty recruitment plans in Tidemark
February 04, 2022	**Executive Summaries due on 02/04/22 or 3 days prior to the unit's scheduled budget meeting, whichever comes first**

Date	Description
Jan – Feb 2022	**Budget Meetings with Deans and VPs**
February 18, 2022	**Multi-Year Operating Plans due in Tidemark (All units)**
April 14, 2022	**FY 2023 Plan of Operations due to Board of Trustees**
April 21, 2022	**Board of Trustees – Finance Committee meeting.** The University's FY 2023 Plan of Operations is submitted for approval

CONTACT LIST

The Office of Financial Planning and Analysis (FP&A) is here to facilitate the budget development process. **We are "your" resource.** Take advantage of it. Our staff is prepared to address any questions regarding the process, suggest budget development strategies, or serve as a resource to input the budget.

Please feel free to contact us via phone. We also have an email address for the sole purpose of fielding all questions and/or comments pertaining to the process, FinancialPlanning@miami.edu. Timely responses are guaranteed. Our preference would be for all communication to go through this email address. We understand that sometimes a voice appears more responsive and reassuring so, do not hesitate to call; however, please give the email method a try first. The following staff members are available to do all this and more.

Aintzane Celaya	Associate VP, Financial Planning &Analysis and Chief Budget Officer	8-4969	General Information
Andreina Zambrano	Assistant VP, Financial Planning &Analysis	8-1139	General Information
Raul Garcia	Director, FP&A	8-1125	Operating Budget & Faculty Planning
Saori Kodama	Director, Finance	8-9343	Capital Planning
Carolina Sanchez	Sr. Manager, Decision Support	8-9719	Tuition Planning
Norman Chang	Financial Analyst	8-8786	Tuition Planning
Janelle Rodriguez	Financial Analyst	8-6531	Operating Budget & Tidemark Security
Giselle Martinez	Sr. Financial Analyst	8-4328	Operating Budget & Faculty Planning
Michelle Zaldivar	Financial Analyst	8-6779	Capital Planning
Fei Yu	Sr. Financial Analyst	8-4310	Operating Budget & Budget Requests
Gina Gonzalez	Financial Planning & Analysis Support	8-6729	General Information
Jaime Mercado	Sr. Systems Administrator	8-4750	System Information
Sandra Aguilera	Sr. Financial Systems Analyst	8-3689	System Information

ATTACHMENT I: ORGANIC INFLATORS

	Plan	Plan Beyond FY 2023				
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Merit Pool						
Faculty	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Staff	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Utilities - Applicable to Facilities Only	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Books, Periodicals, etc. - Applicable to Library Only	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
CFB Rates						
Faculty	27.9%	28.1%	28.3%	28.5%	28.7%	28.9%
Clinical Faculty	18.4%	18.6%	18.8%	19.0%	19.2%	19.4%
Staff	41.8%	42.0%	42.2%	42.4%	42.4%	42.4%
Part-Time (All)	10.6%	10.7%	10.8%	10.9%	11.0%	11.0%
Graduate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tuition Rate Increase	3.8%	3.0%	3.0%	3.0%	3.0%	3.0%

ATTACHMENT II: BUDGETING FOR RESTRICTED GIFTS

Gifts and Net Assets Released from Restriction (NARR)

All units should have a sound understanding of gift restriction classifications. Restricted gift drivers are identified in Workday with fund FD050 as the default fund.

Below please find general guidance related to restricted gifts:

Donor contributions (gifts) increase net assets (fund balances). Generally, a contribution has donor-imposed restrictions; the gift may be restricted by time and/or purpose. Purpose restrictions expire when the purpose has been met. For example, if a donor contributes to a scholarship fund for accounting students, the restriction is met once the scholarship is awarded. Generally, time restrictions include a promise to give at a future date (pledges); in this case, the time restriction is met when the pledge payment is due.

Net assets are released, and reclassification entries are made when the time and/or purpose restrictions have been met. Units planning for the receipt and/or use of restricted gifts should budget accordingly. The FP&A team will work with each unit to classify gifts that are unrestricted and/or temporarily restricted as needed.

Restricted Gifts – Drivers with Fund FD050 as Default Fund

Budgeting for restricted gifts requires transactions in multiple funds (FD020 unrestricted and FD050 temporarily restricted) in order to capture both, the anticipated expenses and the release from restriction. Multi-dimensionality (budgeting in multiple funds for the same driver) is currently not enabled in Tidemark in order to simplify budgeting for all users. As such, all gift drivers with default fund FD050 (temporarily restricted) have been defaulted in Tidemark to FD020 (unrestricted) as the vast majority of transactions occur in the unrestricted fund. To accommodate for budget entries that require the use of FD050, dummy gift drivers were created in Tidemark with the same attributes of the existing gift drivers except fund, where the fund of the dummy gift driver is set to FD050.

Below please find an example of budgeting the release of restricted gifts:

The institution receives a gift of $5,000 restricted to scholarships for journalism students and is payable as $1,000 a year for five years. The maximum amount that can be released in the first year of the pledge is $1,000. The reclassification amount will be less if the scholarships for journalism students are less. Assume the following:

Year	Payment Due	Scholarship Awarded	Net Assets Released from Restriction	Net Assets with Donor Restrictions-Purpose Restricted
20X1	1,000	800	800	200
20X2	1,000	1,100	1,100	100
20X3	1,000	1,500	1,100	0
20X4	1,000	500	500	500
20X5	1,000	1,500	1,500	0

In 20X1, the implied time restriction expires when the first payment of $1,000 is due, but the purpose restriction does not expire until the scholarships are awarded. Since only $800 of scholarships were awarded to journalism students, the amount released to net assets without donor restrictions is $800, and there is $200 remaining in net assets with donor restrictions related to this gift for which the time restriction has expired.

Budget entries (for management reporting only):

Driver Worktag	Fund (Defaulted in Tidemark)	Category	Debit	Credit
Dummy Gift	FD050	RC04233 - Gifts		$1,000.00
Dummy Gift	FD050	RC04860 - Trial Balance Revenue - Net Assets Released from Restrictions	$800.00	
BGXXXXX	FD020	RC04816 - Net Assets Released From Restrictions		$800.00
BGXXXXX	FD020	SC08409 - Graduate Student Scholarship - Spring	$800.00	

Please note, the example illustrated above is for management reporting only and does not reflect all entries necessary to satisfy GAAP requirements for pledges.