FY 2024 Budget & Planning Guidelines

Coral Gables & Rosenstiel Campuses

Office of Financial Planning & Analysis (FP&A)
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1. Overview

The FY24 guidelines provide a planning framework for budget development for the Coral Gables & Rosenstiel units. Priorities for the coming year include:

- Research & Innovation
- Merit Increases
- Mitigate Inflationary Pressures
- Reduction of Overhead Costs

Our goal is to accomplish these priorities while maintaining a positive and robust environment for the success of our students, faculty, and staff.

The University has built a stronger foundation since the University’s strategic plan, Roadmap to our New Century, was adopted. However, current inflationary increases and other economic pressures far exceed the level of tuition increases that would be necessary to mitigate all of them. Specifically, the University has seen increased costs due to inflation including but not limited to utilities, insurance, equipment, supplies and services, construction materials, and other operating costs.

As a university, our priority will continue to be a strong academic and research core and student success. Our success in these areas require focused investment and thoughtful evaluation of our cost structure. When preparing the FY24 budget, all units are expected to seek to achieve the highest level of performance and efficiencies, optimizing revenues, effectively managing philanthropy funds, and managing expenses through synergies and cost containment strategies.

This year, we are requesting a different process than the past couple of years. Any plan’s goal is to align financial resources to institutional priorities. In order to accomplish that deliverable, our process this year will be following a zero-based budget approach. With a zero-based approach, all expenses will need to be justified, including compelling plans for all uses of resources and how they contribute to value creation for the University. Schools and Colleges must develop a financial plan that is in line with the 2x2 analysis performed in collaboration with the Provost and align resources to support our core mission and promote student success. Auxiliary Enterprises, Centers and Institutes and administrative and academic support units must incorporate a 10% reduction of expenses from FY 2023 Plan prior to any one-time commitments and provide transparency as to what will be done differently or eliminated to support this reduction to inform resource decision making by senior leadership. The reduction of expenses cannot be achieved by decreasing the allocation of merit.

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 Dr. Travisano, Provost Duerk, and the team at the Office of Financial Planning and Analysis, we look forward to a successful and progressive budget development process for FY 2024 and thank you for your time and efforts.

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

2. 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. Important to note as you develop your long-term plan, the goal in the outer years is the reduction of the undergraduate class size and prudent planning should incorporate this new enrollment scenario.

3. Deliverables

The ever-changing landscape in the University's three largest verticals; healthcare, higher education, and athletics requires a planning focus approach versus an incremental budget approach. The following deliverables will be required from all units during the FY24 budget development process:

**Zero-Base Budgeting:** All units on the Coral Gables and Rosenstiel campuses are required to budget following the zero-based budget method. This includes revenue-producing units such as Auxiliaries, Athletics, and the Schools & Colleges. The primary purpose of the zero-based effort is to obtain a clear and thorough understanding of compensation and non-compensation spending which has evolved over time, while also focusing on the revenue being produced at the unit level.

**Executive Summary:** All units are asked to complete an executive summary of their FY 2024 budget that apprises the programmatic and financial activity of the unit. The executive summaries are intended to provide Executive Leadership with a **concise** snapshot of the unit's composition, financial health and strategic initiatives anticipated for FY 2024. For Auxiliary Enterprises, Centers and Institutes and administrative and academic support units that are asked to incorporate a 10% reduction of expenses in the plan, the executive summary is the place to add transparency as to what will be done differently or eliminated to support this reduction in order to inform resource decision making by senior leadership. The presentation should include the information in three categories for the reductions, low impact, medium impact and high impact of those reductions.

FP&A will distribute standard templates for executive summaries via e-mail to each unit’s Business Officer on **January 27, 2023**. The executive summary is to be submitted electronically to FP&A via e-mail to: FinancialPlanning@miami.edu by **February 14, 2023**, 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 2024
- 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.

**Organizational Chart:** This year all units are required to submit a staff organizational chart as part of the executive summary package for review by Executive Leadership. This staff organizational chart should include both filled and open positions included in the current year (FY23) budget.
Multi-Year Net Tuition Revenue Plan: 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 2024 through FY 2029. The due date for all multi-year net tuition revenue plan inputs in Tidemark is January 27, 2023.

Multi-Year Operating Plan: All units are required to submit a five-year operating plan in Tidemark, beyond the underlying FY 2024 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 27, 2023.

Multi-Year Faculty Recruitment Plan: All Schools and Colleges are required to submit a five-year faculty recruitment plan in Tidemark by February 10, 2023. 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 14, 2022, please refer to the published capital guidelines for additional information. Any item not included as part of the FY 2024 capital plan submission will be treated as an “out of cycle request” and does not guarantee consideration for approval during FY 2024, 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 requests items will be made available in Tidemark once the FY 2024 Plans are reviewed and approved.

4. Budget Development Process and Parameters
All units are required to develop the FY 2024 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.

4.1 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 performance 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.

The academy funding model includes 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.
• **New for FY 2024** - 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 generated by each school and college, excluding The Rosenstiel School of Marine, Atmospheric and Earth Science (Rosenstiel). This parameter was set to ensure schools and colleges are rewarded for reasonable performance above the unit’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 2022 benchmark. The scale will be shared at a later date.

**Tuition and Fees**

For planning purposes only, the tuition rate increase for FY 2024 is 4.8%. 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 2024 through FY 2029.

**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.

**Grant Placeholder Drivers (Dummy Accounts)**

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 & Rosenstiel campuses. For the Miller School of Medicine, please refer to the MSOM supplement for further instructions.

Coral Gables & Rosenstiel 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)

Multi-Driver Planning
Beginning in FY 2024, grants that require multi-driver planning (i.e., cost share grants) will need to budget the cost share portion by utilizing the corresponding PG-GR combo-driver selection for all related entries, as shown below:

Driver description selection:
- GR001234 – Select the grant driver (GR) to budget all direct expenses for the grant
- PG##### – GR001234 COMBO DRIVER [PG Description] / [GR Description] – Select the combo driver (PG-GR) description to budget all grant related cost share expenses

Please note, the attributes for the combo drivers would come from the Program or Gift for the Fund and Cost Center mapping. In addition, the Federal/Non-Federal rates will be mapped to the underlying grant.

Indirect Cost Recovery ("ICR" Or "IDC")
Indirect Cost Recovery ("ICR" or "IDC") will be automatically calculated for FY 2024 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. The IDC will be allocated based on the current revenue share agreements in place. Any modification from current arrangement for all schools on the Coral Gables campus will require prior approval from the Office of Financial Planning & Analysis (FP&A). If further clarification is required, please contact FP&A.

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 2024 on Thursday, December 1, 2022. Units are expected to budget expenses funded by endowment income against the endowment driver worktag “ENxxxxx.”

As communicated throughout the FY 2023 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 2024. 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.

4.2 Operating Expenses

Compensation and Benefits

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 February 10, 2023.

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 2024 Plan of Operations (April 2023). 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

For planning purposes, the fiscal year 2024 salary merit pool for faculty and staff will be between 3-4% for the Coral Gables and Rosenstiel campuses, including shared service functions (i.e., Information Technology, Human Resources, etc.). We have programmed in Tidemark a 3.75% merit pool as a placeholder. This placeholder is for planning purposes only and should not be construed as a commitment or final operational decision. Schools and Colleges on the Coral Gables and Rosenstiel campuses will determine a merit pool consistent with their respective financial model and unique circumstances. Academic units (e.g., Schools and Colleges) 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.

Purpose of the 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. The merit pool does not represent the average increase all employees will receive. It is the total available for differentiating merit awards based on performance. Merit awards cannot exceed the established merit pool threshold for the unit.
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.

**Merit Pool Eligibility Criteria**

Only employees with a regular hire date prior to January 1, 2023, are eligible for merit. The merit pool is calculated based on each unit’s salary base as of December 31, 2022. However, please note the merit pool was refreshed on January 16, 2023, to capture any new or terminated employees as of December 31, 2022.

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 2024 unless circumstances unique to each unit’s financial model requires a different assumption.

Supervisors must ensure merit awards do not exceed the established FY 2024 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**

Similar to prior year, 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 within the Coral Gables and Rosenstiel campuses with salaries funded extramurally.

Please note, all units on the Coral Gables and Rosenstiel 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, 2023. 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, 2023. 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.

**Faculty Special Compensation Guidelines**

As communicated in January 2022, all special compensation/supplement payments to faculty must follow the Faculty Special Compensation Guidelines and cannot exceed the established thresholds without written approvals. Prior to the rollover from Tidemark to Workday, FP&A will be conducting audit reviews of all faculty special compensation/supplement payments to ensure units are adhering to the policy. All faculty compensation arrangements that fall within the approval thresholds established in the guidelines will be forwarded to the Office of Faculty Affairs for further review and may not rollover to Workday until fully approved. A member of our team will contact each unit for additional information, if applicable.

**Pay Band Maximum**

Similar to prior year, pay band maximums in Tidemark were disabled to allow for merit increases to be added to base compensation while pay bands are being reevaluated. For units budgeting base salary with pay band discrepancies, where a salary/wage after merit exceeds the pay band maximum, Tidemark will allow the merit increase to be included as base compensation without the need to create a lump-sum costing allocation. Thus, there will not be a need to budget lump-sum merits in FY 2024.

As a point of emphasis, promotions and new positions will not roll into Workday to allow Human Resources the ability to review and approve all promotions. 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, 2023 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 expenses, salary or non-compensation. Please note, the expense to be covered by such discretion, should be one-time in nature. The funding is not discretionary for capital expenditures. 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. Please contact a member of our team if you need assistance.
Cross-Departmental Support

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.

Funds Flow Between Coral Gables/Rosenstiel and UHealth/MSOM

Starting in FY 2024, all units anticipating new intercampus support (funds flow) to/from UHealth/MSOM will need to formalize the arrangement via a Service Level Agreement (SLA), Memorandum of Understanding (MOU) or other form of written agreement and obtain approval from Dr. Travisano prior to submitting to FP&A or including in the FY 2024 budget.

Budgeting Cross-departmental Support in Tidemark

UHealth/MSOM will not be utilizing Tidemark for the budget development process. Therefore, units expecting cross-departmental support with UHealth/MSOM are required to follow the below process, as applicable:

- All cross-departmental support, including employee effort (aka crossovers), interdepartmental purchases or funding transfers, should be supported by a Service Level Agreement (SLA), Memorandum of Understanding (MOU) or other form of written agreement that clearly describes the service and performance obligations and financial commitments agreed upon by all parties involved. Each unit is responsible for obtaining all necessary approvals from the parties involved and keeping records of such agreements for later review by the FP&A Office, if applicable.

  - **Positions with “home department” at Coral Gables & Rosenstiel** partially or fully costed to UHealth/MSOM:
    o The crossover effort to/from UHealth/MSOM should be supported by a written agreement (i.e., SLA, MOU, etc.)
    o There is no change “mechanically” in Tidemark as the system continues to include all elements of the “driver” dimension, including UHealth/MSOM driver worktags. Units can continue to select drivers that belong to UHealth/MSOM as long as the funding is supported by a written agreement.

  - **Positions with “home department” at UHealth/MSOM** partially or fully costed to Gables & Rosenstiel units:
    o The crossover effort to/from UHealth/MSOM should be supported by a written agreement (i.e., SLA, MOU, etc.)
    o Units supporting effort for positions that reside at UHealth/MSOM will need to create a TBA in Tidemark, utilizing reason code “Medical Crossover” and include the Position ID in the “TBA Description” field. For assistance, please contact a member of the FP&A team directly.

- **Interdepartmental Purchases and Funding Transfers**: Units anticipating a credit for interdepartmental purchases or transfers from a department at UHealth/MSOM will need to complete an input template and work with the FP&A team to record the entry in Tidemark. The input template will be provided upon request. There is no change in process for units providing support to UHealth/MSOM as these can be entered in Tidemark by the user directly. However, as
noted above, please ensure the funding support or interdepartmental purchase is supported by a written agreement (i.e., SLA, MOU, etc.)

Position Reconciliation
All units are required to perform a position reconciliation between the positions budgeted in Tidemark and active positions in Workday to ensure all filled positions are included in the operating budget and to determine if vacant positions are properly budgeted or should be eliminated.

Costing Allocations
All units must ensure that costing allocations for base pay, activity pay, and allowances have a valid distribution in Tidemark. Costing allocations must add up to 100% each month, by position, except for costing allocations using disbursement plan “Academic Salary Plan 9-Month” where the first and last month may reflect at 50% in Tidemark.

Vacancy Rate Adjustments
Schools and Colleges, Auxiliary enterprises, Information Technology and Facilities Operations are required to budget a vacancy rate adjustment 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 adjustment 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 Sr. Business Officer or Financial Leader.

Remote Work Allowance
For planning purposes, effective FY 2024, employees scheduled to regularly work remotely at least two (2) days per week (or monthly equivalent; designated as partial or primary remote) will be eligible for a $250.00 per year pre-tax remote work allowance, paid monthly for salaried employees and in biweekly installments for hourly employees. Temporary employees are not eligible to receive the remote work allowance. The allowances will need to be planned for utilizing spend category SCD0011 – Remote Work Allowance.

All administrative and academic support units on the Coral Gables & Rosenstiel campuses will need to absorb the allowance costs through operating savings and other cost reductions in the plan. This does not constitute a final decision on remote work but rather a placeholder for planning purposes only.

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 2024 will be 2,096 and 1,965, respectively.
Budgeting Overloads and Lump-Sums

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 2024 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 2024 CFB Proposal is submitted by January 2023.

Table 1: Composite Fringe Benefit (CFB) Rates [PRELIMINARY]

<table>
<thead>
<tr>
<th>Salary Category</th>
<th>CFB Category</th>
<th>FY 2024 CFB %</th>
<th>Salary Category</th>
<th>CFB Category</th>
<th>FY 2024 CFB %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Faculty</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Clinical Faculty</td>
<td>SC06071/79</td>
<td>SC07072</td>
<td>18.0%</td>
<td>19.3%</td>
<td>---</td>
</tr>
<tr>
<td>Other Full-Time Faculty</td>
<td>SC06061/69</td>
<td>SC07061</td>
<td>26.9%</td>
<td>29.6%</td>
<td>SC06011/19</td>
</tr>
<tr>
<td><strong>Non-Faculty</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Administrative / Full-Time</td>
<td>SC06261/69</td>
<td>SC07065</td>
<td>36.5%</td>
<td>39.7%</td>
<td>SC06201/09</td>
</tr>
<tr>
<td>Research Scientist / Full-Time</td>
<td>SC06081/89</td>
<td>SC07065</td>
<td>36.5%</td>
<td>39.7%</td>
<td>SC06031/39</td>
</tr>
<tr>
<td>Post-Doctoral Associates</td>
<td>SC06090</td>
<td>SC07061</td>
<td>26.9%</td>
<td>29.6%</td>
<td>SC06040</td>
</tr>
<tr>
<td>Staff Physicians / Full-Time &amp; Part-Time</td>
<td>SC06264</td>
<td>SC07062</td>
<td>18.0%</td>
<td>19.3%</td>
<td>---</td>
</tr>
<tr>
<td>Staff, Other / Full-Time</td>
<td>SC06061/69</td>
<td>SC07065</td>
<td>36.5%</td>
<td>39.7%</td>
<td>SC06301/09</td>
</tr>
<tr>
<td><strong>Part-Time</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-Time Faculty</td>
<td>SC06063/68</td>
<td>SC07068</td>
<td>10.1%</td>
<td>10.1%</td>
<td>SC06013/18</td>
</tr>
<tr>
<td>Part-Time Administrative</td>
<td>SC06263/68</td>
<td>SC07068</td>
<td>10.1%</td>
<td>10.1%</td>
<td>SC06203/08</td>
</tr>
<tr>
<td>Part-Time Research Scientist</td>
<td>SC06083</td>
<td>SC07068</td>
<td>10.1%</td>
<td>10.1%</td>
<td>SC06033/38</td>
</tr>
<tr>
<td>Residents</td>
<td>SC06262</td>
<td>SC07068</td>
<td>10.1%</td>
<td>10.1%</td>
<td>---</td>
</tr>
<tr>
<td>Part-Time Staff, Other</td>
<td>SC06363/68</td>
<td>SC07068</td>
<td>10.1%</td>
<td>10.1%</td>
<td>SC06303/08</td>
</tr>
</tbody>
</table>

Graduate Assistants

The Graduate School has continued to work with Executive Leadership to establish competitive stipend levels for each graduate program. Please contact the graduate school for a copy of the new stipend levels corresponding to your students.

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). Beginning with FY 2024, all eligible graduate students will receive 100% 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 & Rosenstiel) or SC07089 (Medical) as applicable.

Telecommunications Rate Model

For FY 2024, all units are required to budget according to the new rate model for network and communication services and equipment under spend category “SC08851 – Monthly – Data Circuits”, unless
otherwise communicated during the planning cycle. The telecommunications rate + core costs are not anticipated to increase in FY 2024, however, if an increase in headcount is anticipated, units must budget the corresponding telecommunications cost increase accordingly. As a reminder, the telecommunications rate is $85 per employee headcount and $30 per student headcount. Please note, the student headcount rate is applicable to Schools and Colleges only. For planning purposes, core costs will remain at the level communicated by University of Miami Information Technology (UMIT) to each business officer and their unit’s leadership in May 2022.

**Contingency**

All auxiliaries, Athletics and self-supporting schools (e.g., School of Law) should include a budget contingency amount in FY 2024 using spend category “SC06912 – Contingency”. The amount recommended is 2.0% of total net operating revenue (exclusive of gifts and grants). 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 Seasonalization**

As the University continues moving forward in its alignment of internal and external financial reporting, units are required to apply the accrual basis of accounting to the budget. Accrual-based budgeting strengthens accountability and transparency. Under accrual-based budgeting, the financial impact of an event is recognized when the event occurs. As such, all units are required to seasonalize the budget on an accrual basis, where the financial impact of an event is recognized when the event occurs, not when the revenue or expense “hits”. The budget should reflect revenues in the period(s) they are expected to be earned and expenses in the period they are expected to be incurred.

All units must apply proper seasonalization at the category level and avoid lump-sum inputs (i.e., recurring expenses budgeted in one month). Proper seasonalization of the budget will help avoid irrelevant variance explanations (i.e., variances due to timing) throughout the fiscal year and will provide meaningful insight into material variances impacting operations.

**4.3 U-Dollar Allocation**

U-Dollar allocations will be accessible in Tidemark after the budget is approved, as the focus will be on zero based budget in FY 2024. 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.

Once U-Dollar allocations are finalized, units 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 details based on actual parameters and decisions for the upcoming fiscal year.
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty</td>
<td>• Approved tenured and tenure-track faculty lines - salary and CFB</td>
</tr>
<tr>
<td></td>
<td>• Other approved faculty lines (i.e., lecturers) - salary and CFB</td>
</tr>
<tr>
<td>Staff</td>
<td>• Approved staff support – salary and CFB</td>
</tr>
<tr>
<td>Part-Time (all personnel)</td>
<td>• Approved part time coverage – salary and CFB</td>
</tr>
<tr>
<td>Graduate Stipends</td>
<td>• Competitive stipends for each graduate program by respective School or College (Note: Principles for graduate program size should be developed for each program)</td>
</tr>
<tr>
<td>Supplies and services (non-comp)</td>
<td>• All non-compensation expenses required to operate each respective unit</td>
</tr>
<tr>
<td>One-Time Commitments</td>
<td>• One-time commitments as approved by Sr. Leadership. Includes initiatives, program seed funding, etc.</td>
</tr>
</tbody>
</table>

**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.

**4.4 Reserve Funds Spending Guidelines**

The use of “reserves”— commonly referred to as "balance forward"— must be strategically and actively managed 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 2024. 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.
5. Plan Review and Approval

5.1 Budget Meetings

All units on the Coral Gables and Rosenstiel campuses have the opportunity to attend a budget meeting with the Provost and EVP for Business and Finance/COO. Budget meetings are intended to provide a forum for each unit’s leader to present a comprehensive budget proposal. Provost Duerk and COO Travisano look forward to their time with you.

Units are required to present their FY 2024 budget at the meeting. Executive summaries are due on February 14, 2023, 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 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.

5.2 Budget Cycle Timeline

The following represents the FY 2024 budget timeline. As always, we appreciate the necessary effort required 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>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2022</td>
<td>Financial Planning Cycle begins. FP&amp;A Scenario Modeling, including global drivers and preliminary assumptions</td>
</tr>
<tr>
<td>November 4, 2022</td>
<td>FY 2024 Capital Guidelines are Published and Capital cycle is open in Tidemark</td>
</tr>
<tr>
<td>December 2022</td>
<td>Budget parameters/assumptions determined. Tuition rates are reviewed, expenditure models are analyzed, and budget parameters are established</td>
</tr>
<tr>
<td>December 1, 2022</td>
<td>Endowment Spending Distributions in Tidemark (Preliminary)</td>
</tr>
<tr>
<td>December 14, 2022</td>
<td>Capital Plans due in Tidemark for Coral Gables &amp; Rosenstiel campuses</td>
</tr>
<tr>
<td>January 18, 2023</td>
<td>FY 2024 Budget Guidelines are Published and Tidemark is open (Departmental, Position Planning, Faculty Planning and Enrollment Model)</td>
</tr>
<tr>
<td>January 27, 2023</td>
<td>Preliminary Academy Allocations based on performance model available for Schools &amp; Colleges</td>
</tr>
<tr>
<td>January 27, 2023</td>
<td>University Support Targets Distributed</td>
</tr>
<tr>
<td>January 27, 2023</td>
<td>Endowment Spending Distributions in Tidemark (Final)</td>
</tr>
<tr>
<td>Date</td>
<td>Description</td>
</tr>
<tr>
<td>--------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>January 27, 2023</td>
<td><strong>Graduate revenue projections due.</strong> Includes graduate revenue (PhD and Masters) from academic units (i.e., Schools) by term, net of tuition waivers for Coral Gables and Rosenstiel campuses only. DCIE and Study Abroad tuition plans are due Revenue targets due. Advancement, Graduate School, Library, Enrollment Management, Student Affairs and Student Auxiliaries</td>
</tr>
<tr>
<td>February 2023</td>
<td>Budget Meetings with Deans and VPs</td>
</tr>
<tr>
<td>February 10, 2023</td>
<td>Budget Requests due for Reserve Drawdowns</td>
</tr>
<tr>
<td>February 10, 2023</td>
<td><strong>FY 2024 Operating Budgets due in Tidemark</strong> Faculty Recruitment Plans due in Tidemark. All Schools and Colleges submit proposed faculty recruitment plans in Tidemark.</td>
</tr>
<tr>
<td>February 14, 2023</td>
<td>Executive Summaries due on 02/14/23 or 3 business days prior to the unit’s scheduled budget meeting, whichever comes first</td>
</tr>
<tr>
<td>February 27, 2023</td>
<td>Multi-Year Operating Plans due in Tidemark (All units)</td>
</tr>
<tr>
<td>April 11, 2023</td>
<td>FY 2024 Plan of Operations due to Board of Trustees</td>
</tr>
<tr>
<td>April 25, 2023</td>
<td><strong>Board of Trustees – Finance Committee meeting.</strong> The University's FY 2024 Plan of Operations submitted for approval</td>
</tr>
</tbody>
</table>
Budget Phase I - Checklist

**Departmental Budget:**

☐ Ensure the General Fund (FD10) is balanced to the approved operating target, excluding incremental funding requests.

- Units funded via allocation (i.e., academic support, research, admin support units, etc.) must balance their general fund budget to the allocation at the compensation and non-compensation levels during phase I for Schools and Colleges and during Phase II for all other units.

- School and Colleges can view their Academy Allocation and general fund budget in the panel “Allocation Review against Budget” located within the Allocation process (as shown below). The panel allows a side-by-side view of the allocation and general fund budget including compensation and non-compensation subtotals. This will be available to all other units during Phase II, once allocations are released.

☐ Validate designated funds (FD20, FD21)

- Units budgeting activity in designated funds (FD20, FD21) are required to validate the designated operating margin and/or deficit. All units are able to view the Budget P&L by Fund via panel 8.1 Summary Budget Review by Fund in Departmental Budget.

- Please note, the deficit/use of reserves by fund cannot exceed the requested (Phase 1) or approved (Phase 2) deficit/use of reserves.

☐ Validate Sponsored funds

- Units budgeting activity in sponsored funds must ensure their sponsored funds net activity is balanced to zero for all cost reimbursable and prepaid/deferred grants. All units are able to view the Budget P&L by Fund via the panel 8.1 Summary Budget Review by Fund in Departmental Budget

☐ Ensure budget is seasonalized according to the accrual basis of accounting

☐ If applicable, remove all balancing entries and adjust the budget in the natural spend category

**Position Planning:**

☐ Perform a position reconciliation between the positions budgeted in Tidemark and active positions in Workday to ensure all filled positions are included in the operating budget and to determine if vacant positions are properly budgeted or should be eliminated

☐ Verify all active employees have a valid costing allocation

☐ Verify all activity pay and allowance assignments have a costing allocation

☐ Verify all costing allocations add up to 100% each month by position

☐ Update merit increases by employee in accordance with the merit allocation guidelines

☐ Validate merit pool threshold has not been exceeded at the budget unit level
# CONTACT LIST

The Office of Financial Planning and Analysis (FP&A) is here to facilitate the budget development process. We are “your” resource. 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.

## Financial Planning & Analysis

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
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<td>8-4969</td>
<td><a href="mailto:a.celaya@miami.edu">a.celaya@miami.edu</a></td>
</tr>
<tr>
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<td><a href="mailto:a.zambrano2@miami.edu">a.zambrano2@miami.edu</a></td>
</tr>
<tr>
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<td>8-6729</td>
<td><a href="mailto:g.gonzalezcelestrin@miami.edu">g.gonzalezcelestrin@miami.edu</a></td>
</tr>
</tbody>
</table>

## Operating Budget - Position Planning - Long Term Planning

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raul Garcia</td>
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</tr>
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</tr>
<tr>
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<td>8-4310</td>
<td><a href="mailto:fxy125@miami.edu">fxy125@miami.edu</a></td>
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## Capital Planning

<table>
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<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saori Kodama</td>
<td>Director, Finance</td>
<td>8-6647</td>
<td><a href="mailto:skodama@med.miami.edu">skodama@med.miami.edu</a></td>
</tr>
<tr>
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<td>8-3689</td>
<td><a href="mailto:j.cantalupo@umiami.edu">j.cantalupo@umiami.edu</a></td>
</tr>
<tr>
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<td>8-4328</td>
<td><a href="mailto:mxz771@miami.edu">mxz771@miami.edu</a></td>
</tr>
</tbody>
</table>

## Tuition Planning

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carolina Sanchez</td>
<td>Director, Financial Operations</td>
<td>8-6642</td>
<td><a href="mailto:mcsanchez@miami.edu">mcsanchez@miami.edu</a></td>
</tr>
<tr>
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</tr>
<tr>
<td>Joseph Merino</td>
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<td>8-8786</td>
<td><a href="mailto:iam167@miami.edu">iam167@miami.edu</a></td>
</tr>
</tbody>
</table>

## System Information & Technical Support

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allen Mora</td>
<td>Director, Business Intelligence</td>
<td>8-3906</td>
<td><a href="mailto:allen.mora@med.miami.edu">allen.mora@med.miami.edu</a></td>
</tr>
<tr>
<td>Jaime Mercado</td>
<td>Sr. Systems Administrator</td>
<td>8-4750</td>
<td><a href="mailto:jxm1626@miami.edu">jxm1626@miami.edu</a></td>
</tr>
</tbody>
</table>
### ATTACHMENT I: ORGANIC INFLATORS

<table>
<thead>
<tr>
<th></th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
<th>FY 2028</th>
<th>FY 2029</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Merit Pool</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty</td>
<td>3.75%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Staff</td>
<td>3.75%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>Utilities - Applicable to Facilities Only</strong></td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Books, Periodicals, etc. - Applicable to Library Only</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>CFB Rates</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty</td>
<td>29.6%</td>
<td>29.8%</td>
<td>30.0%</td>
<td>30.2%</td>
<td>30.4%</td>
<td>30.6%</td>
</tr>
<tr>
<td>Clinical Faculty</td>
<td>19.3%</td>
<td>19.5%</td>
<td>19.7%</td>
<td>19.9%</td>
<td>20.1%</td>
<td>20.3%</td>
</tr>
<tr>
<td>Staff</td>
<td>39.7%</td>
<td>40.1%</td>
<td>40.3%</td>
<td>40.3%</td>
<td>40.5%</td>
<td>40.7%</td>
</tr>
<tr>
<td>Part-Time (All)</td>
<td>10.1%</td>
<td>10.2%</td>
<td>10.3%</td>
<td>10.4%</td>
<td>10.5%</td>
<td>10.6%</td>
</tr>
<tr>
<td>Graduate</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Tuition Rate Increase</strong></td>
<td>4.8%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Year</th>
<th>Payment Due</th>
<th>Scholarship Awarded</th>
<th>Net Assets Released from Restriction</th>
<th>Net Assets with Donor Restrictions-Purpose Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>20X1</td>
<td>1,000</td>
<td>800</td>
<td>800</td>
<td>200</td>
</tr>
<tr>
<td>20X2</td>
<td>1,000</td>
<td>1,100</td>
<td>1,100</td>
<td>100</td>
</tr>
<tr>
<td>20X3</td>
<td>1,000</td>
<td>1,500</td>
<td>1,100</td>
<td>0</td>
</tr>
<tr>
<td>20X4</td>
<td>1,000</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>20X5</td>
<td>1,000</td>
<td>1,500</td>
<td>1,500</td>
<td>0</td>
</tr>
</tbody>
</table>

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):

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

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