



OFFICE OF FINANCIAL PLANNING & ANALYSIS (FP&A)
FY 2023 BUDGET PHASE II

SUPPLEMENTAL INSTRUCTIONS

Gables One Tower, Suite 1252 Phone 305.284.6729 • Fax 305.284.279

Table of Contents

OVERVIEW3

FY 2023 BUDGET PHASE II - HIGHLIGHTS3

FY 2023 BUDGET PHASE II – DELIVERABLES4

DEPARTMENTAL BUDGET4

Budget Requests4

Budget Seasonalization4

Telecom Rate Model.....5

Allocations.....5

POSITION PLANNING5

Salary Merit Pool5

Pay Band Maximum.....6

Faculty Special Compensation Guidelines6

Vacancy Rates.....6

Position Reconciliation.....6

Position Planning Dimension Update7

Costing Allocations.....7

Composite Fringe Benefit (CFB) Rates (Approved).....7

LONG-TERM PLANNING.....8

FY 2023 BUDGET PHASE II - CHECKLIST10

OVERVIEW

The following guidelines serve as supplemental instructions for FY 2023 Budget Phase II. Please note, these guidelines are for **planning purposes ONLY** and do not constitute final operational decisions. In the event that operational decisions are made as they relate to the preliminarily approved items or planning assumptions, our office will communicate them accordingly. These guidelines are University-wide and applicable to all units on the Coral Gables & RSMAS campuses, unless otherwise noted.

Please feel free to provide feedback on these instructions and any other budget related matter to the Office of Financial Planning and Analysis (FP&A) “suggestions/feedback e-mail box” at FinancialPlanning@miami.edu.

FY 2023 BUDGET PHASE II - HIGHLIGHTS

During Phase II of the budget cycle, units have an opportunity to update merit inputs at the employee level and make adjustments to the budget that maintain or improve the operating margin. The only incremental expense adjustments allowed in Phase II are those related to the merit pool increase from 5.0% to 6.0%. Please note, material variances from Phase I will be closely monitored and may require additional justification from the unit. A representative from FP&A will contact each unit for additional information, if applicable.

Below are key dates and highlights for FY 2023 Budget Phase II:

- FY 2023 Phase II open for input as follows:
 - Position Planning - **April 20, 2022 – May 6, 2022**
 - Departmental Budget - **April 20, 2022 – May 6, 2022**
 - Long-Term Planning - **April 20, 2022 – May 20, 2022**

- Position Planning dimension in Tidemark:
 - Position Planning dimension updates started on April 18, 2022, and are performed in Tidemark daily to reflect the most current base pay and position data for active employees and unfilled positions. The daily updates will end on **April 29, 2022**, to allow for a stable environment when balancing the budget.

 - Pay band maximums for staff have been disabled in Tidemark. As such, merit lump-sums will need to be reviewed and adjusted accordingly.

- Preliminary decisions on budget requests are available in Tidemark. Allocations will be fully updated to reflect the latest merit assumptions and funding approvals by **Friday, April 29, 2022**.

- Proposed merit increases are due in Tidemark at the employee level by **May 6, 2022**.

- All units must thoroughly review faculty compensation by **May 6, 2022**, to ensure it meets the newly implemented Faculty Special Compensation Guidelines.

- The new telecom rate model will be in effect starting in FY 2023.

- A checklist of deliverables is included at the end of this document for your convenience.

FY 2023 BUDGET PHASE II – DELIVERABLES

All units are asked to complete the following deliverables and integrity checks during Phase II of the budget cycle, as applicable. For your convenience, a “checklist” is included at the end of this document to serve as a guide during Phase II.

DEPARTMENTAL BUDGET

Budget Requests

Preliminary decisions on compensation and non-compensation budget requests are available in Tidemark, Phase II, with a status of “approved” or “rejected.”

- **Rejected** – The budget request was **not** approved for FY 2023 Plan. The item is not impacting the budget and there is no further action needed.
- **Approved** – The budget request was approved for FY 2023 Plan.
 - ***Academy Funding*** – If the approved funding source for the request is *Academy Funding*, the approved amount has been added to the unit’s Allocation.
 - ***Reserve Drawdown*** – If the approved funding source for the request is *Reserve Drawdown*, the approved itemization is reflected in the unit’s budget as an approved deficit in designated funds.

As a reminder, any approved non-compensation request budgeted as lump-sum must be removed from the budget request panel and budgeted in one of the departmental budget panels (i.e., itemization panel #3), utilizing the natural spend category and respective drivers. All budget request updates **must be a zero-sum** revision.

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.

Telecom Rate Model

A new rate model for network and communication services and equipment has been approved for FY 2023. All units are required to budget under category “SC08851 – Monthly – Data Circuits” according to the new rate model by **May 6, 2022**. A communication will be sent by University of Miami Information Technology (UMIT) to business officers and their unit’s leadership, e.g., SVP, VP, AVP, Dean, by **April 27, 2022**, providing the new rate model cost details by school/unit. The communication will also provide the FY 2022 costs details, for reference. Each unit will be asked to review or provide one driver worktag (program number) for the FY 2023 entries by May 15, 2022.

A funding analysis will be performed for all administrative and academic support units funded via allocation; any savings resulting from a lower rate under the new telecom model will be recovered centrally and the allocation will be adjusted accordingly.

Allocations

Allocations are visible in Tidemark in the *Allocation Process* and will be fully updated to reflect the latest merit assumptions and funding approvals by **Friday, April 29, 2022**.

All units are required to budget expenses funded via an allocation in the General Fund. Budgeting expenses “funded” from the 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.

POSITION PLANNING

Salary Merit Pool

Please note, the merit and position planning panels in Tidemark are open for input. As communicated by Executive Leadership on February 25, 2022, the Talent & Compensation Committee of the Board of Trustees has approved for FY 2023 an overall merit pool **not to exceed 6.0%** for the Coral Gables and RSMAS campuses, including shared service functions (i.e., Information Technology, Human Resources, etc.). Please note, each unit’s merit pool was refreshed to reflect the merit pool increase from 5.0% to 6.0% and to capture the latest eligible population. As a reminder, units should not communicate salary increases to employees until authorized by each unit’s senior management and HR partner.

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 FY 2023 merit pool threshold for the unit. Merit increases are due in Tidemark at the employee level by **May 6, 2022**.

As communicated by Human Resources, each SVP/VP/Dean is required to achieve meaningful differentiation in both, the performance ratings and merit allocations based on the guidelines below.

	Talk Ratings			Special Nomination*
Performance	Expectations Not Met	Expectations Met	Expectations Exceeded	Special Recognition and Expectations Exceeded
Merit**	0%	2.5 - 3.5%	3.6 - 4.5%	5 + %
% Participation		50% or greater	Up to 50%	Nominations up to 20% of overall staff

*Special Nomination: Special recognition and expectations exceeded reflects extraordinary performance with consistently high levels of quality output with backdrop of unusual challenge.

**Merit awards cannot exceed the unit's established merit pool budget.

Please note, as per the Human Resources guidelines, the merit pool is not to be used for market/equity adjustments, or promotions for *staff*. There are no restrictions on the merit pool for faculty.

Pay Band Maximum

As per guidance from Human Resources, pay band maximums in Tidemark were disabled in Phase II to allow for merit increases to be added to base compensation. Thus, there will not be a need to budget lump-sum merits in FY 2023 Phase II. All units are required to carefully review all lump-sum merits previously budgeted in Phase I, delete all lump-sums costing allocations, and refresh the employee’s assignment and base pay costing to ensure accuracy on the new base compensation and costing allocation totals.

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 in FY 2023 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.

Vacancy Rates

As communicated in the FY 2023 Budget Guidelines, 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. This vacancy assumption was budgeted in Phase I as an offset to salary expenses. The vacancy rate calculation will be communicated individually to each applicable unit.

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.

Position Planning Dimension Update

Position Planning dimension updates started on April 18, 2022, and are performed in Tidemark daily to reflect the most current base pay and position data for active employees and unfilled positions. The daily updates will end on **April 29, 2022**, to allow for a stable environment when balancing the budget.

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.

Composite Fringe Benefit (CFB) Rates (Approved)

Table 1 provides the FY 2023 approved CFB rates by spend category for both, federal and non-federal purposes.

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	18.0%	19.3%	---	---	---	---
Other Full-Time Faculty	SC06061/69	SC07061	26.9%	29.6%	SC06011/19	SC07011	26.9%	29.6%
Non-Faculty								
Administrative / Full-Time	SC06261/69	SC07065	36.5%	39.7%	SC06201/09	SC07015	36.5%	39.7%
Research Scientist / Full-Time	SC06081/89	SC07065	36.5%	39.7%	SC06031/39	SC07015	36.5%	39.7%
Post-Doctoral Associates	SC06090	SC07061	26.9%	29.6%	SC06040	SC07011	26.9%	29.6%
Staff Physicians / Full-Time & Part-Time	SC06264	SC07072	18.0%	19.3%	---	---	---	---
Staff, Other / Full-Time	SC06361/69	SC07065	36.5%	39.7%	SC06301/09	SC07015	36.5%	39.7%
Part-Time								
Part-Time Faculty	SC06063/68	SC07068	10.1%	10.1%	SC06013/18	SC07018	10.1%	10.1%
Part-Time Administrative	SC06263/68	SC07068	10.1%	10.1%	SC06203/08	SC07018	10.1%	10.1%
Part-Time Research Scientist	SC06083	SC07068	10.1%	10.1%	SC06033/38	SC07018	10.1%	10.1%
Residents	SC06262	SC07068	10.1%	10.1%	---	---	---	---
Part-Time Staff, Other	SC06363/68	SC07068	10.1%	10.1%	SC06303/08	SC07018	10.1%	10.1%

LONG-TERM PLANNING

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 below and include programmatic enhancements in the form of either growth or restructuring over the five-year planning horizon. The due date for the long-term operating plan inputs in Tidemark is **Friday, May 20, 2022**.

ORGANIC INFLATORS:

	Plan	Plan Beyond FY 2023				
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Merit Pool						
Faculty	6.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Staff	6.0%	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	29.6%	28.1%	28.3%	28.5%	28.7%	28.9%
Clinical Faculty	19.3%	18.6%	18.8%	19.0%	19.2%	19.4%
Staff	39.7%	42.0%	42.2%	42.4%	42.4%	42.4%
Part-Time (All)	10.1%	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	4.4%	3.0%	3.0%	3.0%	3.0%	3.0%

FY 2023 BUDGET PHASE II – TIMELINE

The following represents the FY 2023 budget timeline for Phase II. As always, we appreciate the effort it will take to adhere to the timeline. Any questions as to applicability, please feel free to reach a member of our team for guidance.

Date	Description
April 18, 2022	Position Planning dimension refresh from Workday begins
April 20, 2022	FY 2023 Phase II Cycle is open in Tidemark
April 29, 2022	Final Position Planning dimension refresh from Workday Allocations are fully updated in Tidemark
May 6, 2022	FY 2023 Position Planning & Departmental Budget Phase II Cycle is closed
May 13, 2022	Approval Memos are disseminated to all units
May 20, 2022	FY 2023 Long-Term Planning Phase II Cycle is closed

The Office of Financial Planning and Analysis (FP&A) is here to facilitate the FY 2023 Phase II cycle. Our staff is prepared to address any questions regarding the process. Please feel free to contact us via phone or e-mail. We also have an email address for the sole purpose of fielding all questions and/or comments pertaining to the process: FinancialPlanning@miami.edu

Thank you,

Office of Financial Planning & Analysis (FP&A)

FY 2023 BUDGET PHASE II - CHECKLIST

Applicable to all units. All revisions in FY 2023 Phase II must be zero-sum changes to Phase I.

Departmental Budget:

- Ensure the General Fund (FD10) is balanced to the allocation or approved operating target.
 - 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.
 - All units can view their 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.



- Validate designated funds (FD20, FD21)
 - Units budgeting activity in designated funds (FD20, FD21) are required to validate their designated operating margin is correctly being captured as reflected in FY 2023 Phase I. All units are able to view their FY 2023 Phase II Budget P&L by Fund via panel [8.1 Summary Budget Review by Fund](#) in Departmental Budget.
 - Please note, the FY 2023 Phase II deficit/use of reserves by fund cannot exceed the Phase I approved 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 their FY 2023 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
- Ensure independent costing allocations for “Lump Sum” payments are deleted
- 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