



BUDGET PROCESS

Prepared by Administrative and Financial Services
Office of Budget and Contracts

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CATEGORIES OF BUDGET

The University of Kansas School of Medicine – Wichita funds are budgeted among three categories: salaries, operating expenses, and telephone expenses.

Salaries – Payroll and state-paid payroll benefits for faculty, staff, and student employees. (1xxx People Soft account codes)

Operating Expenses (OOE) – cost of supplies, contract services, subscriptions, travel, capital outlay, etc. (2xxx, 3xxx and 4xxx People Soft account codes)

Telephone Expenses – telephone equipment, local, long distance telephone charges, cell phones and LAN charges. (2052, 2072, 2082, 2090, and 2091 People Soft account code)

SOURCES OF FUNDING

General Use Funds

These funds come mainly from State tax dollars and are allocated to the University of Kansas Medical Center (hereinafter referred to as “KUMC”) via the Kansas Board of Regents by the Legislature of the State of Kansas each fiscal year through an established budget procedure, which begins more than 18 months preceding a fiscal year. For a detailed discussion of our state funding, see the “Governor’s Budget Report” on the State of Kansas Web Site (clicking on the following links):

- The Official State of Kansas Web Site:
 - <http://www.kansas.gov/index.php>
- Government
- Technology & Economic Development
- Kansas Budget
- Governor’s Budget Report
- The FY 20XX Governor’s Budget Report

A portion of these funds is then allocated to the University of Kansas School of Medicine – Wichita (hereinafter referred to as “KUSM-W”) at the discretion of Executive Dean Barbara Atkinson, M.D.

The Governor may adjust the budget during the current fiscal year at his discretion, which may impact KUSM-W. For example, in FY 2000 and FY 2001 the Governor imposed hiring freezes and implemented budget rescissions in FY 2003, FY 2004, and FY 2005.

General use funds are used for operating expense (including travel), telephone expense, and salary expense.

In the on-line People Soft budget and financial information, the state general use funds are labeled with a prefix of "APP" followed by a five-digit account number.

Restricted Fee Funds

These funds are generated by KUSM-W through educational and administrative services to the medical community and through interdepartmental billing. For example, the faculty members of KUSM-W provide services in exchange for compensation to such agencies as Heartspring, Wesley Medical Center and Via Christi Regional Medical Center in the context of providing educational opportunities to medical residents. Other examples of restricted fee accounts are interdepartmental administrative service accounts such as postage or printing.

Restricted fee funds are used as defined in the restricted fee application, for operating expense (including travel), capital equipment expense, and/or salary expense. The application is available on the AFS web site under "Forms". <http://wichita.kumc.edu/afs/>

In the on-line People Soft budget and financial information, the restricted fee funds are labeled with a prefix of "RFF" or "SCF" (service clearing funds) followed by a five-digit account number.

Grant Funds

Our faculty pursue and receive awards, both government and private, for such expenditures as research, educational development, and consultation. All KUSM-W grant applications are administered through the Wichita Office of Research <http://wichita.kumc.edu/research/> (contact the Associate Dean for Research, at extension 32617). The financial accounting for all grants is handled by the University of Kansas Medical Center Research Institute (hereinafter referred to as "KURI") housed at the Kansas City campus. <http://www2.kumc.edu/researchinstitute/>

Grants funds are used for operating expense (including travel), capital equipment expense, and salary expense. However, some grants limit the use of the funds to specified expenses, such as salary.

In the on-line People Soft budget and financial information, the grant funds carry a prefix of "G" or "Q" followed by a seven-digit alpha/numeric combination (QM123456 or Q123R045, for example).

Kansas University Endowment Association Funds

“The Kansas University Endowment Association was founded October 31, 1891, as a nonprofit corporation separate from the University of Kansas. Contributions from generous alumna and friends are used entirely for the purpose specified by the donor in support of the University of Kansas, its students, faculty and staff.....Donors contribute resources to the Endowment Association to help the University of Kansas achieve its goals in education, research and public service.” (The KU Endowment Fund Use and Administration Handbook) “Some donors make gifts and bequests directly to KU or other related entities rather than to KU Endowment. The University and affiliated organizations usually request that KU Endowment manage and administer funds established by those gifts. These funds, managed but not owned by KU Endowment, are called agency funds.” (“Fund Administration Investment Practices at KU Endowment,” 2000)

KUSM-W has ninety-four (94) Kansas University Endowment Association (hereinafter referred to as “KUEA”) accounts. For some KUEA accounts only the interest income may be used; for expendable endowed KUEA accounts both the principal and interest may be used. Each account has a “Fund Account Representative” (hereinafter referred to as “FAR”) and “Subordinate Master Fund Account Representative” (hereinafter referred to as “Sub-master”) who is authorized to approve expenditures from the account and held responsible for management of these funds in accordance with KUEA guidelines. For detailed information on accounts related to your department, contact KUSM-W’s Assistant Dean for Finance.

KUEA funds are used for operating expense (including travel and hospitality), capital equipment expense and salary expense. For details refer to the KU Endowment Fund Use and Administration Handbook available on the KUEA Web site at <http://www.kuendowment.org/>. Instructions for accessing the KUEA Handbook are on the AFS Web Site at <http://wichita.kumc.edu/afs/> “Purchasing” “KUEA”.

KUEA fund numbers are 5 digits and are recorded in People Soft budget and financial information as 5 digits followed by an “X”. For example, fund number 12345 would be shown in the People Soft reports as 12345X.

University of Kansas School of Medical – Wichita Medical Practice Association Funds

Most of KUSM-W’s full-time (and some part time with no outside clinic association) MD physicians and PhD psychology faculty are members of

the University of Kansas School of Medicine – Wichita Medical Practice Association (hereinafter referred to as “MPA”). A portion of faculty salaries may be paid from MPA funds – directly or through a contract with the University. MPA funds are not a part of KUSM-W’s accounting system and are not included in routine information you access on-line or receive from Administrative and Financial Services. BUT, direct VA & MPA salary, 7.5% MPA supplement and 8.5% MPA retirement on direct salary must be added to the University base when filling out grant applications requesting faculty salaries. This is known as the Institutional Base Salary.

Veteran’s Administration Hospital Funds

A few faculty members receive a portion of their salaries directly from the Robert J. Dole Department of Veterans Affairs Medical and Regional Office Center (hereinafter referred to as the “VA”). VA funds are not a part of KUSM-W’s accounting system and are not included in routine information you access on-line or receive from Administrative and Financial Services. BUT, direct VA & MPA salary, 7.5% MPA supplement and 8.5% MPA retirement on direct salary must be added to the University base when filling out grant applications requesting faculty salaries. This is known as the Institutional Base Salary.

For information regarding funding sources and amounts and your department’s related account numbers, please contact the Senior Coordinator Budget or Associate Dean for Finance, both in Administrative and Financial Services.

BUDGETARY AUTHORITY LIMITS

Once the state funds are allocated to KUSM-W by the Executive Dean of KUMC, the Wichita Dean exercises discretion over the allocation of new funds. The departments may recommend and request use of general use funds, but the Dean has final approval authority.

Upon an employee’s resignation / termination / retirement state funds (APP) are returned to the Dean. The department can request that the state funds be re-allocation to their department, but the Dean has final approval authority.

Faculty member’s salary package should be comprised of less than 80% state funding (APP).

Grant funds must be used as stipulated in the grant. Use of grant funds for salaries is restricted as explained below.

Restricted fee funds may be used at the discretion of the chair and program directors, subject to the salary restrictions explained below. Further, restricted

fee funds are to be used for the purpose outlined in the Application for Restricted Fee.

KUEA funds may be used at the discretion of the FAR and/or Sub-master of that fund as each account may be limited by the type of bequest. For information about the assigned FAR, contact the Associate Dean for Finance of KUSM-W. The KUEA handbook must be followed to utilize these funds. <http://www.kuendowment.org/> Use of KUEA funds is restricted in relation to salaries as explained below.

RESTRICTIONS ON USE OF FUNDS FOR SALARIES: ALL SALARIES whether funded by general use, restricted fee, grant, KUEA funds, MPA and/or VA (both for new employees and salary increases for existing employees) **MUST BE** approved by the Wichita Dean, and are subject to approval by the Executive Dean of KUMC, and ultimately the approval by the Executive Vice Chancellor. The filling of vacant positions, the replacement of terminating employees, and the addition of new employees are the discretion of the Wichita Dean and must have his prior approval.

BUDGET PROCEDURE

The process of requesting, recommending and obtaining approval for the use by KUSM-W of the available new funds each year is known as the “budget process.” Every department is involved. KUSM-W’s Associate Dean for Administration and her staff are responsible for the submission and administration of the budget for KUSM-W.

A **TIMELINE** of estimated dates and deadlines, which correspond to the procedures described below, may be accessed at Administrative and Financial Services web site where it is updated as necessary. <http://wichita.kumc.edu/afs/budget/2011schedule.pdf>

Upgrade of existing positions

The first step in the Wichita budget process for the upcoming fiscal year is recommendation by the departments for position upgrades. Requests to upgrade positions, whether unclassified or classified, must be made to KUSM-W’s Director of Human Resources <http://wichita.kumc.edu/hr/staff/index.html>. If the position upgrade is to be funded by general use money, then Human Resources must receive the request on or before the date published in the budget timeline on Administrative and Financial Services web site. The deadline date is also published on Human Resources web site. The deadline is prior to the end of the calendar year. Complete position upgrade instructions are available on the Human Resources web site

<http://wichita.kumc.edu/hr/policies/index.html>.
Classification/Upgrade Process at KUSM-W)

(Checklist for

Position upgrades generally require an audit of the position by Human Resources KUSM-W in consultation with Human Resources KUMC. Position upgrades require approval by the Associate Dean of Administration KUSM-W and the Dean KUSM-W.

Budget conferences

Each year department heads are invited to present their program needs in budget conferences conducted by the Dean KUSM-W. Information presented in each budget conference is used by the Dean to prioritize needs and allocate available funds for the upcoming fiscal year in support of our goals and initiatives.

A letter announcing dates, requirements, and scheduling procedure is sent to each department by the Dean KUSM-W approximately a month prior to the budget conference.

Each department prepares a written document for presentation to the Dean KUSM-W and Associate Dean for Administration KUSM-W during the budget conference. The written document should be provided to the Associate Dean for Administration KUSM-W prior to the budget conference as indicated in the letter from the Dean.

Requests for additional funding

Capital expenditures. Prior to or at the time of budget conference, departments may submit to the Associate Dean for Administration a written request for additional state funding for current and upcoming fiscal year capital expenditures. Such requests should also be justified in the budget conference written presentation. If excess current year funds are available, capital expenditure requests may be approved for the current fiscal year. If current funds are not available, the request will be considered for the following fiscal year as part of the Dean's allocation of funds. The Associate Dean for Administration will advise the department the disposition of their requests. Approval of such requests depends on available funding and the discretion of the Dean of KUSM-W.

Salary support. Prior to or at the time of budget conference, departments may submit to the Associate Dean for Administration a written request for additional state funding for upcoming fiscal year salary expenditures (i.e., additional positions, general use funding for a previously restricted fee or grant funded positions, and any expected salary merit increase above 10 percent). Requests must be justified. Such requests should also be

included in the budget conference written presentation. These requests will be considered during allocation of the annual budget. Approval of such requests depends on available funding and the discretion of the Dean of KUSM-W.

Preparation of the upcoming fiscal year budget

In May, after the receipt of official budget numbers and instructions from the EVC, Administrative Financial Services distributes to each department a worksheet showing the department's current budget and a "control total" number for the upcoming budget year. Instructions as to preparation of the department's recommended budget are also included. The "control total" is the amount of general use funds to which the department is restricted for the upcoming fiscal year. Instructions include (1) restrictions, if any, on how the state-funded increase is to be distributed and (2) range of acceptable salary increases. See discussion below regarding written justification for salaries outside the prescribed range.

Questions regarding prescribed current budget information, the control total, or the instructions should be addressed either to the Associate Dean for Administration KUSM-W or to the Senior Coordinator Budget KUSM-W (<http://wichita.kumc.edu/afs/contactus.html>).

Preparation of budgets by departments

Each chair or program director allocates available funds to salaries, operating expense, and telecom expense pursuant to the control total and budget instructions received from the Associate Dean for Administration KUSM-W. The total increase in general use salaries or operating expense must be lower than or equal to the control total.

As the budget is submitted by the departments to the Associate Dean for Administration, "justification letters" addressed to the Dean must also be submitted for each proposed change in salary that is over or under the amount prescribed in the "instructions" from the Associate Dean for Administration. All sources of salary are included: grant, restricted fee, KUEA, MPA and VA. Department head must sign the justification letter.

Proposed budgets are submitted by the deadline established in the budget instructions (see the budget timeline for an approximate date). Budget submissions must be Excel format and on the worksheet provided by the Senior Coordinator Budgets KUSM-W. The department chair, associate dean, or director must sign the budget document submitted to indicate his or her approval. Human Resources staff at your request will provide Excel training. Please make your request for training well in advance of budget preparation.

Review of proposed budget

Wichita's Associate Dean for Administration reviews the proposed budget for each department with the Wichita Dean. Discussions may be scheduled to reconcile any issues.

Revised budgets must also be approved by the department head via original signature on the document submitted.

The final budgets are reviewed and approved by the Dean KUSM-W.

Budgets are then input on-line into the People Soft financial accounting system by the Senior Coordinator Budgets – Administrative and Financial Services.

A spreadsheet showing the budget as submitted through the People Soft system for each department will be distributed by Administrative and Financial Services. Each department is encouraged to IMMEDIATELY review the document and contact the Senior Coordinator Budgets with any questions or concerns.

Final approval of the budget

After submission through the People Soft system to KUMC budget office, a hard copy of the budget along with the "justification letters" and any other information required is submitted by Administrative and Financial Services to the Executive Dean KUMC. The budget submitted by KUSM-W is subject to final approval by the Executive Vice Chancellor KUMC.

The departments will be advised the status of their budgets, or the necessity for revisions, as soon as that information is communicated by KUMC to the Associate Dean for Administration KUSM-W.

Notice of Salary / Reappointment Letters

Each unclassified faculty or staff member of KUSM-W receives a "salary and reappointment letter". This letter sets forth the fiscal year salary. The departments are not involved in the preparation of the salary letters.

Changes in the budget after initial filing

Departments must contact Senior Coordinator Budget KUSM-W or the Associate Dean for Administration KUSM-W to make any changes in the department budget after initial filing. The most typical budget changes are for reallocations of salaries due to new grants or restricted fee income or to move OOE funds between operating and telecom expense accounts.

Operating expense and telecom expense accounts are not interchangeable. If it is estimated that either account will be overspent, please contact the Senior Coordinator Budget KUSM-W. Requisitions and Inter-Department Billings will be denied until a budget balance is available.

Periodic budget communications from Administrative and Financial Services

Each department's base salary and OOE budget, updated regularly for funding changes and new and terminated staff and faculty, appears on KUSM-W's "S" drive under "Budget." Departments are advised to review these reports regularly and address any questions or concerns to the Senior Coordinator Budgets KUSM-W or the Associate Dean for Administration KUSM-W.

SHRINKAGE

The State of Kansas Governor's Budget Report defines "shrinkage" as "[t]he difference, expressed in a percentage, between the cost of fully funding salaries and wages in a budget, assuming all positions are filled all the time, and actual salary costs, taking vacancies into account."

Each year the State of Kansas prepares its budgets with the idea that a certain number of vacancies will occur during the year, with a corresponding reduction in expenditures, either permanently or for the period of time the vacancy remains. The budget that is allocated to us each year assumes that these vacancies and associated reductions in expenses will occur. If vacancies do not occur, then KUSM-W is expected to provide the difference between the assessed shrinkage and the actual shrinkage, either from unspent general use money or from other sources such as restricted fee. The Wichita shrinkage assessment is 3.34% applied to the state (APP & FEE) base salary and state-paid taxes and fringe benefits. Shrinkage is applied at the beginning of the fiscal year to the budget salary line in each APP speedtype.

It is the philosophy of KUSM-W administration that the departments should be allocated as much of the general use budget as possible. In so doing, KUSM-W is exposing itself to a shortfall in covering its shrinkage assessment if vacancies and/or replacement of general use salary funds by external funding do not adequately occur. If KUSM-W does not meet its shrinkage requirement, the departments may be asked to replace general use salary funds with restricted fee funding to cover the shrinkage owed to the State.

It is KUSM-W's policy that when general use funds are released from a position, that general use money is returned to the Wichita Dean's office for future reallocation as needed.

PEOPLE SOFT BUDGET INFORMATION

The People Soft Financials program includes a financial report referred to as AM90/91, which indicates the changes in your general use budget as well as the amount remaining in your general use budget. (Each department administrator has received or will receive training in the People Soft Financial system.)

BUDGET WEB SITE

Administrative and Financial Services maintains an up-to-date Web site which may be accessed through KUSM-W's home page. You will find there, under the subheading of "Budget," this budget process document, a timeline for estimated actions and deadlines, general information (including who to contact with questions, concerns, or suggestions) and policies.

CONTRACTS

All contracts between KUSM-W and/or the MPA and outside parties require review and approval by the Associate Dean for Administration KUSM-W and the KUMC's legal counsel. All contracts must be approved and signed by the Dean KUSM-W. **No department head, faculty, or staff member has the authority to bind KUSM-W to any contract of any kind.**

Fees for all educational services, professional services, consultation services and other services provided by faculty are paid either to KUSM-W or to the MPA. Consult with Associate Dean for Administration and/or Executive Director of the MPA regarding which entity should be receiving contract income.

THE END