Summary

Budget practices and guidelines

College of Agricultural Sciences
Oregon State University
Updated March 12, 2015

Budgets are managed in a collaborative manner that considers the input of all affected parties. These practices and guidelines are changed only after receiving counsel from affected parties. The dean may impose temporary changes or make exceptions from these policies based on the needs of the College. These practices and guidelines are directed toward three budgets: Oregon Agricultural Experiment Station (AES), University General (UG) and Agricultural Sciences and Natural Resources Extension Program (ExtAg). In this document, "Extension Administration" refers to the administration of the dean of Extension.

The dean of the College of Agricultural Sciences makes the final determination regarding the amount of resources allocated to units. An associate dean or Agricultural Sciences and Natural Resources Extension Program leader may authorize budget changes for their respective units. In this document, certain key practices and guidelines are discussed first, followed by an alphabetical list of other, related practices and guidelines.

It is important to note that none of these guidelines affect how employees are actually paid, what benefits they receive, etc. These guidelines are only for purposes of allocating budgeted funds from the college to the units.

Key practices and guidelines

Budget, reserves, carryover, compensated absence liability

Units may not exceed their allotted budget unless the unit has adequate reserves to cover any shortfall and meet the minimum reserve requirements. If a unit desires to use reserves in a way that has the potential for a unit to be below the minimum reserve level, the unit head should consult with their associate dean. In Data Warehouse, all reserves are posted to unit budgets at the beginning of the fiscal year.

Budget

The annual budget is built based on the approved programmatic FTE list, salary, OPE average rates, and a per faculty support allocation amount.

The block funds for administrative and technical support are calculated based on the prior year amount and an adjustment factor. The adjustment factor is based on the expected salary, OPE, and service and supply cost increases for the upcoming fiscal year. The adjustment factor is calculated on a college, not individual unit basis. The adjustment factor is applied to the prior year amount of unit block funding.

Individual temporary allocations, such as 1039 academic wage appointment funding, are added to these amounts.

Reserves, carryover, compensated absence liability

Unit heads are directed to maintain reserves between zero and ten percent of their annual base budget. Effective July 1, 2011, AES compensated absence liability was moved (the actual budget change will not be made until after FY12 budgets are posted) from unit budgets and held centrally by the College of Agricultural Sciences (college). As such, all compensated absence liability is held centrally. Unit reserves are not adjusted on the basis of college-wide changes in compensated absence liability. All carryover amounts are separately posted for each unit. Unit accountants track the carryover amounts to the unit head and individual faculty by activity code and other methods. Faculty start-up funds, special allocations, salary savings, etc. are also tracked by activity code and other methods.

Salary, OPE, and 1039-appointment costs

Base

Funds for the programmatic FTE list are added and removed from unit base budgets based on employment dates. When an employee on the approved FTE list leaves, the practice is to remove the funding from the unit budget. A unit head may make a request to their associate dean for a temporary return of funds for a specified period or purpose. During the fiscal year, budgets are adjusted by adding or removing the salary/OPE to the base budget when a programmatic employee starts or leaves employment. Per faculty budget allocations are adjusted accordingly at the time of such budget adjustment.

Base budgets for administrative, technical, and services and supplies are in the base budget as a block funding amount and are not directly affected by employee changes. Annually the block funding amount is adjusted by the adjustment factor. A block funding amount may be changed through the Priority Staffing and Capacity process.

The initial budget posting may also include funding for other expenditures authorized by the college for the upcoming fiscal year (such as previously authorized funding for academic wage appointments). Other budget changes are made during the course of the fiscal year for other changes authorized by the deans.

Base salary adjustments

The College funds salary/OPE changes for programmatic FTE based on the employees on the approved FTE control list.

Equity and other salary adjustments

Equity and other salary adjustments for FTE on the programmatic FTE list are funded by the college as part of the normal annual process of budget development. Additional funding is not provided for out of cycle salary adjustments for the fiscal year when the raise occurs. The new fiscal year will reflect the updated salary. If the deans require a unit to be responsible on an ongoing basis for an equity adjustment, the college supported programmatic FTE is adjusted downward on an ongoing basis.[1] Otherwise, equity and other salary adjustments are not tracked on a case-by-case basis within the fiscal year and full funding is provided on the basis of the programmatic FTE list with each new fiscal year.

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[1] The prior Extension Service merit increases are also fully funded and not separately tracked for budgeting purposes.

Equity and other salary adjustments for block funded FTE are the responsibility of the unit.

Appointment conversions for positions on the programmatic FTE list

For the conversion of a 12 month appointment to a 9 month appointment or vice versa, the funding for the 12 month position is removed on a prorated basis and the 9 month position is added on a prorated basis or vice versa. If the college-authorized conversion involves a vacation payout, the college funds the full vacation payout for the conversion based on the FTE ratio of the 12 month (old) position (e.g., if the 12 month position was .25 EG, .5 AES, and .25 other, the ratio would be 1/3 EG and 2/3 AES).

Stipends

Budget allocations for stipends are allocated to E&G, AES and Extension in the same proportion as the base position.

OPE

OPE rates are available at the OSU Budget and Fiscal Planning website. Health benefit budget allocations are calculated based on the average annual medical cost. Variable benefit budget allocations (retirement, etc.) are based on the average OSU blended rate plus 1 percent (the college has a higher than average rate).

For 0.75 FTE appointments (12 month) the consistent expectation is that the faculty person secure 0.25 FTE in grants or contracts that includes OPE. Therefore, if a faculty person on a 0.75 FTE appointment does not secure funding in any year, the 0.25 OPE cost accrues to the unit (department or branch station).

Nine month appointments are expected to generate at least two months of summer salary unless an explicit written agreement specifies another funding arrangement. Fixed OPE costs for these employees will be funded by the College based on funded FTE level over a full year (12 months).

Service and Supply Support

Service and supply support is allocated on a per FTE basis for programmatic and special program allocation FTE at a level specified by the deans (e.g., $3,000 per year per FTE). Service and supply support is not explicitly allocated for other employees or academic wage appointments.

Adding or Retracting Budget for New Hires and Terminations and Vacation Payouts

Unless the deans indicate otherwise, the college adds or removes budget when a faculty member on the Programmatic FTE list arrives at or leaves their position. The per faculty service and supply allocations are also prorated over the same period.

The amount added or deleted is based on a proration of the annual funding applied against the percent of time the faculty member served in their nine month or twelve month appointment. Months are prorated based on the number of workdays in the month (however, the September 16 to June 15 period is nine months regardless of the number of workdays in the September or June periods). Adjustments are made for FTE changes that occurred during the year. Adjustments are not made for salary rate changes that occurred during the year (the next fiscal year budget will reflect the updated salary rate).

Adding a nine month employee: The annual cost of the employee is calculated using the offer letter salary and the fixed and variable OPE rates (the rates are based on the rates used to establish budget support for the Programmatic FTE list in the initial budget). That cost is multiplied against the product of dividing the number of workdays/months remaining until June 15 by 9. September and June are considered one-half of a month each. The cost is then apportioned based on the approved FTE levels. For example, if an employee started on December 30, 2011, the ratio would be five whole months, 1/21 (.048) of a month in December and 1/2 of a month in June (.5). As a result, the ratio is 5.548/9 times the cost. That budget for the remaining period is added to the budget.

Adding a twelve month employee: The annual cost of the employee is calculated using the offer letter salary and the fixed and variable OPE rates (the rates are based on the rates used to establish budget support for the Programmatic FTE list in the initial budget). That cost is multiplied against the product of dividing the number of workdays/months remaining until June 30 by 12. The cost is then apportioned based on the approved FTE levels. For example, if an employee started on December 30, 2011, the ratio would be six months, and 1/21 (.048) of a month in December. As a result, the ratio is 6.048/12 times the cost. That budget for the remaining period is added to the budget.

Removing a nine month employee: The annual cost of the employee is calculated using the salary used to calculate the initial budget and the fixed and variable OPE rates used in the initial budget (the cost is actually shown in the initial budget). The amount to remove is the cost multiplied against the product of dividing the number of workdays/months remaining until June 15 by 9. September and June are considered one-half of a month each. The cost is then apportioned based on the approved FTE levels. For example, if an employee's last workday was March 16, 2012, the employee would not be working for 10 of the 22 workdays (worked March 1 – 16, 12 days, did not work March 19-30, 10 days). So the employee did not work two full months, did not work 10/22 of March (.455) and did not work in June (.5). As a result, the ratio is -2.955/9 times the cost.

Removing a twelve month employee: The annual cost of the employee is calculated using the salary used to calculate the initial budget and the fixed and variable OPE rates used in the initial budget (the cost is actually shown in the initial budget). The amount to remove is the cost multiplied against the product of dividing the number of workdays/months remaining until June 30 by 12. The cost is then apportioned based on the approved FTE levels. For example, if an employee's last workday was March 16, 2012, the employee would not be working for 10 of the 22 workdays (worked March 1 – 16, 12 days, did not work March 19-30, 10 days). So the employee did not work three full months and did not work 10/22 of March (.455). As a result the budget to remove is -3.455/12 times the cost.

The College funds vacation payouts when an employee on the approved FTE list leaves employment. The payout allocation is based on the actual salary cost + OPE at the applicable PERS-eligible or PERS-ineligible rate and the approved FTE split (AES, UG, and ExtAg) at the time of departure. A unit head may make a request to their associate dean for the return of salary savings or other amounts for transition funding. If salary savings are being returned to a unit, the amount returned to the unit will be net of the vacation costs, not the full savings plus vacation costs. The Agricultural Sciences and Marine Sciences Business Center (AMBC) staff determines the amounts and adds them to unit budgets.

1039 Appointments

Upon a request from a unit and approval of the deans, the college will fund certain academic wage appointments (1039s). The funding is based on the number of months authorized for the appointment.

Priority Staffing and Capacity, special allocations, start-up costs, and moving expenses

Priority Staffing and Capacity Process

The Priority Staffing and Capacity process (conducted semiannually unless financial constraints preclude funding allocations) is used to authorize funding for programmatic FTE (termed Category 1a) and other requests. Unless otherwise specified in the Priority Staffing and Capacity process, amounts are added to budgets at the time the employee is hired based on (1) the actual salary/OPE (rates are applied) and (2) authorized start-up costs for the employee.

Special allocations

Certain FTE are funded as special allocations associated with legislative packages, retention packages, or other special initiatives approved by the deans. These FTE positions are tracked by person on the Category 1b Special Allocations FTE list. If the employee leaves the position, the budget is removed at the time of departure like the Category 1a programmatic FTE. If a unit seeks to refill the position, the unit head must submit a one-page request to their associate dean specifying the terms of the recruitment and the requested level of college support (e.g., the college funds 0.75 and the unit funds 0.25). If the deans approve the request, the funding for the new employee is added to the budget as of the employees' start date and the employee is added to the Category 1b Special Allocation FTE list and funded in the future at their actual salary rates.

Start-up costs

The Priority Staffing and Capacity decision addresses the authorization of start-up costs. The Priority Staffing and Capacity decision may authorize the funding of typical start-up costs (e.g., lab), moving expenses, or salary support (e.g., .25 FTE support for two years). Unless other arrangements are made between the unit and the deans, authorized start-up costs are split based on the appointment percent of the new employee (AES, UG, ExtAg). Those calculations and budget changes occur after the employee is hired. For large start-ups (>$100,000), any support requested from the Research Office must originate through the Deans' Office.

Generally, the college does not fund costs associated with visa service charges from International Student and Faculty Services (ISFS), but does consider requests for funding from units in extenuating circumstances.

Start-up costs for employees not on the programmatic FTE list are the responsibility of the unit.

Moving expenses

AES and UG: For programmatic FTE positions, subject to the limitations placed on funding of start-up costs (i.e., the Priority Staffing and Capacity decision must authorize the funding of the moving expenses) and University policy regarding moving expenses, moving costs are budgeted to the unit based on the maximum amount in the offer letter.

ExtAg: In addition to the process described for AES and UG, Extension Administration policy provides for up to $10,000 for moving for certain Extension appointments[2]. When the recruitment is administered by Extension Administration and the move is to an off-campus location, Extension Administration pays the actual moving costs if the employee is an agent paid from indexes with a 213120 (Extension Field Faculty) organization code. The moving expense coverage is prorated based on the FTE split to that funding source. When the move is to an on-campus location, the Agricultural Sciences and Natural Resources Extension Program funds the moving costs based on the amount in the offer letter times the FTE split.

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[2] Based on FTE split

Other budget practices and guidelines

The following is an alphabetical list—by topic area—of other, related budget practices and guidelines.

Cross-College Support Agreements (AES)

In certain cases, AES funds are used to support research in other colleges. If the support agreement is long-term (e.g., more than two years), AES indexes are established in the college receiving the funds. If the support is short-term, the authorized research expenditures are charged to index AGR500 (AES Cross-College Acad Resrch). This index is in organization 210920 (AGR - Cross-College Support Agrmnts). Activity codes must be obtained and used to track the expenditures on this index. This index is for research expenditures specifically authorized by AMBC personnel and may not be used with non-academic units such as the library. Support agreements with non-academic units require the establishment of an AES index in the non-academic unit.

National Institute of Food and Agriculture (NIFA) Review (AES and UG)

The college provides $2,000 in AES funding and $2,000 in UG funding upon completion of a NIFA review. The unit requests the budget support through their associate dean.

Equipment (and Capital Improvement) Resource Program (AES)

The Equipment Resource Program (ERP) for the Agricultural Experiment Station enables purchase of new and used equipment and the making of capital improvements by AES units and must be repaid over a period of time by the unit. Purchases must be used in research programs conducted by faculty with an AES appointment, an approved AES project, and up-to-date reporting in the College's research and extension accountability system, *Oregon Invests!*

ERP funds may be used for items costing $5,000 or more with a 25 percent matching commitment from the unit. The ERP funds shall be used primarily for the initial purchase cost of authorized items. To help ensure continual availability of funds, the total purchase cost plus 1 percent per year is recovered from units through an assessment of equal annual payments collected for up to ten years. More information regarding the process for requesting ERP funds is available on the College Web site.

Federal funds

AES: Federal formula funds (Hatch and multistate) are allocated to units that have regular Hatch and multistate Hatch projects on a pro-rata basis (base budget without sales). Each professorial employee funded with AES funds (0.2 FTE or more) is required to be an investigator for at least one Hatch or multistate Hatch project. For more information, the following documents are available from the AMBC: Guidelines for AES Accounting and Multistate Travel Accounting Process. http://oregonstate.edu/fa/bc/ambc/resources/policies

ExtAg: Extension federal funds (Smith-Lever) are budgeted based on the identification of faculty with specific federal-eligible projects.

Graduate fee remissions, insurance, and salary supplement costs

In the accounting system, graduate fee remission (GFR) and insurance costs are recorded in unit expense results.

Graduate fee remissions

Units do not receive GFR reimbursement for summer term. The units receive GFR reimbursements for other terms as follows:

UG and AES: AMBC personnel process budget offsets for UG and AES.

ExtAg: Extension Administration provides the budget for extension GFR costs.

Graduate insurance

Graduate insurance costs are treated as follows:

AES and ExtAg: The College does not provide budget support for graduate insurance costs.

UG: OSU provides a budget change directly to units to cover UG graduate insurance costs.

Salary supplement

Graduate salary supplements are the responsibility of the unit.

Grant Workshop Support

Periodically, the College offers financial support for a faculty member to attend a grant workshop. Unless specified otherwise, the College's portion of the travel is reimbursed based on the traveler's primary approved FTE funding source (e.g., if an employee is 60% AES and 40% ExtAg, the budget change is made using AES funds).

Intergovernmental Personnel Act

Intergovernmental Personnel Act funding situations are handled on a case-by-case basis. A unit may request the return of salary savings to their associate dean.

Interview costs

Recruitment and interview costs for a position approved in the Priority Staffing and Capacity process are reimbursed at a rate of $3,500 per recruitment. The funding is allocated based on FTE split requested in the Priority Staffing and Capacity process. When the recruitment is initiated, the unit head should make a request for the funding to their associate dean. This recruitment reimbursement is independent of salary savings related to the vacated position. The reimbursement is made even if salary savings are returned to the unit.

Recruitment and interview costs for unit head positions will be covered by the College.

Promotion and tenure salary increases

Promotion and tenure salary increases are funded by the college as part of the normal annual process of budget development. Additional funding is not provided for out of cycle salary adjustments. Promotion and tenure adjustments for block funded FTE are the responsibility of the unit.

Returned overhead (UG)

The returned overhead amounts received by the College are allocated 90 percent to the unit and 10 percent to the College. Budgets are posted for expected earnings at the beginning of the year. Budgets are only adjusted during the course of the year based on unit requests associated with substantial expected deviations. The amounts are returned to the units as UG funds. The AMBC provides a quarterly report of earnings to unit personnel.

Revenue

Summer

Summer revenue is passed on from the College to the units annually after the summer term. ***The college retains a portion and returns the remainder to the units***. The return rate is 96% for FY15 and 92% annually thereafter.

E-Campus

Annually, net tuition revenues for all terms are estimated by units in the college budget development process. Annual settle ups are made by the college before year end based on term net earnings reports supplied to the college. The settle ups are based on the return rate of 96% for FY15 and 92% annually thereafter.

At the request of the unit, the College matches new course development funding awards made by E-campus in response to proposals submitted by the unit to E-campus. For example, if a unit received a $4,000 award from E-campus, the College would contribute $4,000 toward the development costs. The College does not match funds for new E-Campus program development, except for matching E-Campus funds for each new course developed within the program. Unit heads must request these funds from their associate dean. Effective July 1, 2013, the College will no longer provide a match for an update or remake of a course for which CAS match was previously provided.

Professional and Continuing Education

Professional and Continuing Education (PACE) revenues are distributed directly to the unit providing the education. The principal faculty member and the unit leader are expected to negotiate an appropriate distribution and use of the unit's share. At the end of each fiscal year, a debit/credit transaction (not budget) for 10% of revenues is made between each unit's PACE designated operations fund and the college's E&G administrative state-fund index. Because 10% goes to the college, the departmental administrative assessment is limited to 5%.

Sabbatical or other approved leave

Budget allocations for employees on sabbatical leave remain with the unit for one year. If leave continues more than one year, the unit budget is reduced to reflect the leave.

Sales normalization (AES)

The sales offset program ended on June 30, 2011.

The sales normalization program started July 1, 2011.

Units with three year average of sales exceeding $50,000 per year are included in the program. Unless exempt, once a unit is added to the program, it stays in the program. EOARC-Union is exempt from the program starting July 1, 2012. The current participants include Animal and Rangeland Sciences, EOARC-Burns, and MCAREC.

A three year average of sales (sales includes amounts recorded to accounts 06002, 06951, 06952 and 06953) is calculated each year. After each fiscal year, the actual sales are compared to the three year average. If the sales exceed the three year average, ½ of the higher sales (actual sales minus the three year average) are returned from the unit to the college. If the sales are lower than the three year average, ½ of the difference between the actual sales and the three year average is funded by the college to the unit. The amount is added or subtracted from the unit's carryover and posted at the beginning of the following fiscal year.

Units with lesser sales retain their sales revenues within their budget and the college does not normalize the amounts.

Tenure Relinquishment

If a faculty member accepts full or partial tenure relinquishment, the college leaves the salary savings in the unit until the end of the fiscal year. For full tenure relinquishment the college then funds the 1039 appointment. For partial tenure relinquishment the college funds the higher salary at the reduced FTE level.

Allocation of State Appropriations - Timing and Process

Timing

The following is the overall process for allocating state appropriations and Hatch funds:

August and September – current fiscal year initial budgets are prepared and posted.

Second Tuesday in October – Priority Staffing and Capacity proposals are due at 5 p.m.

Fall – Prior year results and current year budgets are reviewed with deans and unit personnel.

Second Tuesday in April - Priority Staffing and Capacity proposals are due at 5 p.m.

As needed throughout the year – a unit head may request funding directly to their associate dean.

Process

Priority Staffing and Capacity proposals are prepared based on the college guidelines and submitted to the assistant to the Executive Associate Dean.

—Jack Breen*, Chief Business Officer, College of Agricultural Sciences*

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