June 5, 2007

ASSISTANT DEANS AND FINANCIAL OFFICERS

SUBJECT: 2007-08 Budget Establishment (Staffing List and Detail Budget)

Dear Colleagues:

Each year the campus must update its base budget in preparation for the new fiscal year. This letter summarizes this annual budget establishment process. Discussion of the major elements of this process is provided below.

I. Encumbrances. The State of California requires that State funds (general funds and other state appropriations) and registration fee funds be expended in the year in which they have been included in an approved State Budget Act. In addition, the State requires that all carry forwards of unencumbered balances be supported by valid contracts, purchase orders, or other documentation.

As in past years, we ask that you evaluate carry forward balances at the close of 2006-07 and establish appropriate departmental liens. Carefully evaluate anticipated carry forward balances for general funds, special state funds (including lottery), and registration fee funds for your units. Departmental liens should be established in DaFIS using the DE or YEDE documents to provide justification for carry forward balances in these fund groups. Liens should be recorded as close to the source as possible.

Funds that are held for faculty start-up should be designated as such. You must include "faculty start-up" and the recruitment number in the description and provide additional information such as the name and hire date in the explanation. This additional information is important, because we have been advised by the Office of the President (OP) that they will treat these entries as legal or contractual liens. Further, OP has advised us that faculty start-up funds should be expended within three years of the hire date.

Details for encumbering carry forward amounts using the DaFIS departmental encumbrance document can be found at Accounting & Financial Services website http://accounting.ucdavis.edu/FiscalClose/carry forward.cfm.

II. Staffing list. The staffing list process implements changes necessary to align the base budget with faculty and staff salary commitments reflected in the Payroll Personnel System (PPS) and the Provision System. The staffing list for all funds must be completed by Monday, July 16, 2007.

- **Base Budget and Open Provision Changes:** For all funds, approved transactions must be completed as of Monday, July 16, 2007.

- **PPS changes:** For all funds, adjustments to the PPS must be completed prior to the end of the business day on Friday, June 29, 2007.
• Final balancing of the staffing list:
  
  o Staff (SUBS) staffing lists - Automatic base budget transactions will be generated to force balance all SUBS staffing lists that are not balanced by July 16. The automated transactions will be offset against general assistance (SUBG) of the same account (full-FAU).

  o Academic (SB01 – SB09) – As reflected on the Staffing List Schedule at http://www.ormp.ucdavis.edu/staffing/index.html, deans’ offices will have until July 16 to balance their staffing lists. Automatic transactions will be generated to force balance all SB01-SB09 staffing lists that are out-of-balance after July 16. The automated base budget transactions will be offset against general assistance (SUBG) of the same account (full-FAU).

  o Out-of-Balance Reports – The Office of Resource Management and Planning (ORMP) will provide each dean, vice chancellor and vice provost office with a list of automated transactions belonging to their unit on July 28, 2007. The deadline for final resolution of issues related to the July 1, 2007 staffing list, including any requests for central range or merit funds from 2006-07 is October 31, 2007.

  o Systems Availability – Updates to the on-line staffing list reports (PPS-DS) and the provision system will be suspended July 17, 2007 through August 31, 2007. The closure of these systems is necessary to complete year-end reporting to OP and to perform annual system maintenance and infrastructure upgrades. The final July 1, 2007 staffing list will be available from the PPS-DS system September 10, 2007.

Please visit our website at http://www.ormp.ucdavis.edu/staffing/index.html to access a variety of tools and information to assist you with balancing your staffing list, including a detailed schedule of staffing list activities.

III. Budget augmentations for salary increases (costing transactions). Automated costing transactions have been completed for this year. Several tools are available to help manage salary related budget transactions.

• Collective Bargaining Units. To obtain the most current information on contract negotiations for collective bargaining units, please review the merit program/performance evaluation timeline at http://www.hr.ucdavis.edu/Comp/Merit.

• Completed Costing Transactions. A summary of 2006-07 costing transactions can be viewed at http://www.ormp.ucdavis.edu/staffing/index.html. Consistent with past practice, department managers responsible for the staffing list should initiate transactions (base and current budget documents) for any missing or incorrect salary augmentations. If applicable, we ask that you indicate the two-letter collective bargaining unit code in the description or line item reference field of the DaFIS budget document.
• **Funding Responsibility.** A matrix identifying who has funding responsibility for salary actions is located at http://www.ormp.ucdavis.edu/staffing/index.html. Responsibility for funding is based on fund source and salary action.

**IV. Budget Establishment.** The following deadlines for base budget adjustments are based on the 2006-07 Fiscal Close schedule located at http://accounting.ucdavis.edu/FiscalClose/:

- Standard base budget (BB) documents must be approved by **Thursday, July 5, 2007**, in order to be included in the July 1 Adjusted Budget.

- Year-end base budget (YEBB) documents must be approved by **Thursday, July 12, 2007 (departments) or Monday, July 16, 2007 (dean, vice chancellor and vice provost offices)**, in order to be included in the July 1 Adjusted Budget.

**V. July 1 adjusted budget initialization.** Each year the July 1 adjusted operating budget (base budget as of June 30, 2007 with carryforward appropriations) is posted to the general ledger as a current year appropriation. In addition, the June 30, 2007 base budget becomes the initial base budget for the new fiscal year (i.e., 2007-08). We anticipate that this action will occur in early August. A notice will be sent to the campus when this action is complete.

Implementation of additional budget changes following final legislative, Regental, and OP actions will take place after July 1, 2007, and will be managed by the Office of Resource Management and Planning (ORMP).

If you have questions or need assistance, please contact the budget analyst assigned to your area.

Sincerely,

Diane Davies-Conley, Director
Administrative Budget and Budget Operations

/cfu

C: Payroll Manager Jones
General Accounting Manager Moore
Associate Vice Chancellor Ratliff
ORMP Budget Resource Management Staff