# Permanent vs. Current Year Budget

**Permanent Budget**

- Funds that are expected to continue from year to year, supporting ongoing activities.
- Includes:
  - Faculty FTE
  - Staff FTE
  - Benefits
  - Other permanent non-salary allocations

**Current Year Budget**

- Permanent budget plus other one-time allocations that support the current fiscal year.
- Includes:
  - Permanent funds
  - Prior year surplus/deficit
  - Other one-time allocations (temp FTE, TA FTE, etc.)
Permanent vs. Current Year Budget

<table>
<thead>
<tr>
<th>Permanent Budget</th>
<th>Current Year Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Includes:</strong></td>
<td></td>
</tr>
<tr>
<td>• State and UC General <em>(19900, 19933)</em></td>
<td>• All Permanent Funds</td>
</tr>
<tr>
<td>• Tuition and Fees <em>(20000, 20224)</em></td>
<td>• Contracts &amp; Grants</td>
</tr>
<tr>
<td>• IDC Recovery <em>(05397, 07427, 69750)</em></td>
<td>• Gifts</td>
</tr>
<tr>
<td>• Endowments <em>(3xxxx)</em></td>
<td>• Other one-time sources</td>
</tr>
<tr>
<td>• Self-Supporting <em>(6xxxx)</em></td>
<td></td>
</tr>
</tbody>
</table>
Permanent Allocations

- Permanent allocations are posted to your current year budget at the start of each fiscal year (July 1).

- Adjustments to your permanent budget after the July posting will not be allocated to your department until the following fiscal year.

- Permanent allocations that have a current year impact require a separate one-time allocation (e.g. 6 months of one-time funding for Staff FTE hired January 1).
Current Year Allocations

- Current year allocations are one-time in nature; they are not re-allocated on an annual basis like a permanent allocation.

- Year-end surpluses/deficits are carried over to the following fiscal year.

- Current year allocations can be recorded at any point during the year. Department should re-budget their allocations as needed.
UCOP requires that campuses align their permanent salary budgets with actual faculty and staff salary commitments.

<table>
<thead>
<tr>
<th>FTE</th>
<th>Title</th>
<th>Annual</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Sr. Analyst</td>
<td>$68,000</td>
<td>filled</td>
</tr>
<tr>
<td>1.0</td>
<td>Analyst</td>
<td>$51,000</td>
<td>vacant</td>
</tr>
<tr>
<td>1.0</td>
<td>Admin Asst III</td>
<td>$38,000</td>
<td>filled</td>
</tr>
<tr>
<td>0.5</td>
<td>Admin Specialist</td>
<td>$21,000</td>
<td>filled</td>
</tr>
</tbody>
</table>

Permanent Budget

Sub 1
$178,000
3.5 FTE
Permanent Salary Adjustments

- Funding of salary adjustments must be made in the fiscal year the change is implemented.

- Salary adjustments must be funded on both a current year and permanent basis.
  October 1 implementation requires 9 months of current year funding and 12 months of permanent funding.

- Permanent salary adjustments on funds 19900A, 19900Z, 19906A or 19924A may require the transfer of funding to the Central Benefits pool.
Current Year Salary Budget

- Permanent staffing is used for budgeting purposes – departments have the authority to re-budget based on current year needs (check with VC on sub 0 policy).

<table>
<thead>
<tr>
<th>Account</th>
<th>Budget</th>
<th>Financial</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>610000</td>
<td>$178,000</td>
<td>$160,200</td>
<td>$17,800*</td>
</tr>
<tr>
<td>630000</td>
<td>$10,000</td>
<td>$23,000</td>
<td>$(13,000)</td>
</tr>
<tr>
<td>650000</td>
<td>$5,000</td>
<td>$7,500</td>
<td>$(2,500)</td>
</tr>
</tbody>
</table>

* savings generated by temporary staff reductions (reduced appointments, LWOP, START participation, etc.)
Additional FTE Costs

- In addition to funding compensation, department budgets should also include funding to cover the following costs:
  - Benefits
  - Next Generation Network (NGN) charges
  - General Liability
  - Other non-salary costs (supplies, equipment, etc.)
Central Benefits Pool

- Mechanism by which State funded employee benefits are managed.
- Applies to positions funded by 19900A, 19900Z, 19906A and 19924A funds.
- State provides benefit funds for any salary actions approved as part of the annual Budget.
- Benefits on local salary actions must be funded from within existing campus budgets.
Central Benefits Pool

UCSD

Department

Payroll

Central Benefit Pool

Benefits Provider

Compensation

Benefits

Actual Benefits

Employee

Compensation

Actual Benefits
### Benefit Rate Components

#### Benefit Rates

<table>
<thead>
<tr>
<th>Type of Benefit</th>
<th>Faculty</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed</td>
<td>6%</td>
<td>10%</td>
</tr>
<tr>
<td>Variable – Used for Incremental Salary Increases</td>
<td>11%</td>
<td>12%</td>
</tr>
<tr>
<td>Total – Used for New FTE</td>
<td>17%</td>
<td>22%</td>
</tr>
</tbody>
</table>

**Fixed:** Health, Dental, Vision, Disability, & Employer Paid Disability

**Variable:** Social Security (FICA), Worker’s Compensation, Unemployment Insurance, Annuitant Health

UC SAN DIEGO
Campus Budget Office
Funding Benefits

Funding Benefits - Employee benefits must be allocated to the central benefits pool when:

- A new FTE is created;
- An FTE is increased; and/or
- An incremental salary increase has been awarded

AND...

the salary allocation will not be funded from existing salary (sub 0 or 1) allocations.
**Funding Benefits**

2002 Employee Benefits Agreement - According to an agreement between the Campus Budget Office and the VC financial officers, transfers of funds between like salary accounts **DO NOT** require associated benefits.

<table>
<thead>
<tr>
<th>Sub Account</th>
<th>Type of Transfer</th>
<th>Benefits?</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 to 60</td>
<td>Academic to Academic</td>
<td>No</td>
</tr>
<tr>
<td>61 to 61</td>
<td>Staff to Staff</td>
<td>No</td>
</tr>
<tr>
<td>60 to/from 61</td>
<td>Academic to/from Staff</td>
<td>Maybe</td>
</tr>
<tr>
<td>63 to 61</td>
<td>Supplies &amp; Expense to Staff</td>
<td>Yes</td>
</tr>
<tr>
<td>68 to 61</td>
<td>Unallocated to Staff</td>
<td>Yes</td>
</tr>
</tbody>
</table>
GF Benefits: Department Funded

- **UCSD**
  - Compensation
  - Benefits

- **Department**
  - New Benefits
  - Actual Benefits
  - Compares Employment

- **Payroll**
  - Actual Benefits
  - Compensation

- **Central Benefit Pool**
  - External Benefits

- **Benefits Provider**
  - Variable or Total Rate

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Fund new benefits using variable or total rate
Disestablishing FTE’s

If a department decides to permanently disestablish a faculty or staff FTE, they can request reimbursement from the central benefits pool (reference PPM 380-6).

- If a department can “prove” the rate funded, that amount will be reimbursed (17% or 22%)

- For older FTE’s without proof, departments will be reimbursed using the current funded rate of the pool (18.82% for 2008/09)
Non General Fund Benefits

Diagram:
- Department
- Payroll
- Benefits Provider
- Employee

Flow:
- Department to Payroll: Compensation
- Payroll to Employee: Actual Benefits
- Employee to Benefits Provider: Actual Benefits
- Benefits Provider to Employee: Actual Benefits
Non General Fund Benefits

- Departments are responsible for funding actual benefit costs on all other fund sources.

- For budgeting purposes, perform multi-year analysis of actual benefit costs to project future year expenditures.

- Pay close attention to benefit cost drivers (inflationary increases, UCRP contributions, etc.) and adjust projection rates as needed.
Next Generation Network (NGN) - provides enhanced communication services and technology.

- Flat monthly charge for qualified Communication users
- $85 monthly* for a full-time appointment (prorated for partial appointments)

\[
\text{\$85} \times 1.00 \times 12 = \text{\$1,020/annually}
\]

* on-campus rate effective fiscal 2009/10
General Liability

General Liability - allows the University to self-insure for general liability claims

- Monthly charge of .49 cents on every $100 of payroll costs*

\[
\left( \frac{5,667}{100} \right) \times .49 \times 12 = 333/\text{annually}
\]

* on-campus rate effective fiscal 2009/10
Units must be proactive in absorbing permanent and one-time budget reductions.

Seek out cost saving measures:
- Temporary staff reductions (START, LWOP)
- Attrition – reevaluate unit needs
- Identification of non-essential services and/or costs
- Opportunities for streamlining and/or eliminating processes
**Additional Training**

**BUDGETING 101A: BEST FI SCAL PRACTI CES**
Introduction to basic budgeting principles and financial practices

**BUDGETING 101B: ONLINE TRANSFER OF FUNDS**
How to prepare and approve On-Line Transfer of Funds (OLT F)

**BUDGETING 135: STAFFING LI ST BASICS**
Use and balancing of the Permanent Staffing List

**CAMPUS OPERATING BUDGET**
How the campus operating budget process works
Budget Office Contacts

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Hugo Rios, Budget Analyst

Mercedes Munoz, Principal Budget Analyst