

September 17, 2014

MEMORANDUM

TO: State Board of Regents  
FROM: David L. Buhler  
SUBJECT: Revision of Policy R501, Budgeting Definitions and Guidelines

Issue

Regent Policy R501, *Budgeting Definitions and Guidelines*, has recently been reviewed by the Office of the Commissioner and USHE institutional representatives. This review is part of the continuing review of all Regent Policies. There are significant revisions to the policy, including the deletion of outdated provisions and the addition of provisions for institutional guidance.

Background

Much of R501 has been revised in an effort to clarify and strengthen the policy and provide guidance and consistency for institutional reporting. Sections throughout the policy are repealed because they are outdated or duplicative. The section of the policy for budgeting definitions has significant amendments to further clarify how the system defines full-time equivalent students and faculty, and now references national industry standard budgeting definitions, for which the institutions are expected to conform. The section of the policy for budgeting guidelines now provides a summary of the statutory framework required in budget formulation, and clarifies and differentiates between O&M requests for state-funded vs. non-state-funded buildings in operating and capital facilities budget requests.

Commissioner's Recommendation

The Commissioner recommends that the Regents approve revisions to policy R501, *Budgeting Definitions and Guidelines*, effective immediately.

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David L. Buhler  
Commissioner of Higher Education

DLB/GLS/BLS/AMN  
Attachment

**R501-1. Purpose:** To provide definitions of terms for budgeting and reporting purposes in the Utah System of Higher Education; ~~prohibit the use of carry over surpluses for salaries; provide budgeting and tuition waiver guidelines for higher education's participation in the State Board of Education vocational rehabilitation program; provide guidance for the development of appropriation requests;~~ and address ~~the operation and maintenance costs of capital facilities as a budget priority~~ budgeting procedures outlined in state law.

## R501-2. References

- 2.1. Utah Code §53B-7-101 (Combined Requests for Appropriations)
- 2.2. Utah Code Title 63J, Chapter 1, Budgetary Procedures Act
- 2.3. Policy R710, Capital Facilities

## R501-3. Definitions

3.1. Regular Faculty: A regular faculty member is an individual hired for the academic year whose primary assignment is teaching/research, and who has a recurring contractual relationship with the institution.

~~3.1~~ 3.2. Full-Time Equivalent (FTE) Regular Faculty: ~~A full time equivalent shall be determined on the following basis:~~ The ratio between a regular faculty member's assignment and the full-time standard at the institution for an academic year. Example: If an institution defines full-time status as teaching 24 credit hours per academic year (12 each semester) and a faculty member teaches 18 credit hours per year, the faculty member is reported as 0.75 FTE. FTE Faculty calculation may vary under some circumstances. USHE Budget Forms and requests for data contain detailed instructions on how to account for FTE depending on the application. In determining aggregate counts of FTE Faculty, institutions may count individuals as FTE Faculty, including the following:

~~3.1.1.— An individual hired for the academic year, by appointment, whose primary assignment is teaching. Their contact hours as to a full load will be determined by the institution in relation to any essential departmental policy or discipline, approved by the administration. For example, a retired professor teaching three hours each semester in the Department of Physics, at a very modest stipend, would be counted as one third FTE faculty if the teaching load established for the Department of Physics by the University of Utah is 9 hours. If the teaching load has been established at 12 hours such an individual would be counted as .25 FTE faculty, and so on.~~

~~3.1.2~~ 3.2.1. Any administrative executive or regular staff employee ~~or part time lecturer~~ teaching a class in addition to his or her other duties may be prorated and equated to an FTE basis by use of hours of credit the class carries in relation to a full-time load as determined by college department or discipline policy approved by the institution's administration. ~~(indicated in Item 1 above). For example, if the Vice President for Administrative Services teaches one course in management, for 2 hours credit, in one semester, once a year, and if the teaching load in the Department of Management is 12 hours, the Administrative Vice President would be listed as one sixth FTE~~

<sup>1</sup> Adopted June 24, 1975; amended July 21, 1975, June 22, 1976, May 9, 1986, March 25, 1994 and May 17, 2013.

~~faculty member for that particular semester, or on the basis of the entire year, one twelfth or the appropriate decimal fraction thereof for the entire year.~~

~~3.1.3 3.2.2. Regular faculty members who have reduced teaching assignments with part of their time related to sponsored research or other assignments shall be prorated to an FTE by use of hours of credit the class carries in relation to the full-time load, as determined by college department or discipline policy as approved by the institution's administration. ~~For example, a professor of chemistry, who is authorized by the institution to conduct and administer a research grant involving shale oil extraction, and is on part salary from the Department of Chemistry budget, devoting part time to the research project, and who teaches a 6-hour load each semester, would be counted as one-half FTE faculty member if the full load in that particular university department is 12 hours per semester, and so on.~~~~

~~3.2 3.3. FTE Graduate Teaching Assistants and Wage-Rated Instructors: Graduate teaching assistants and wage-rated instructors having class teaching responsibility shall be equated to FTE based on the ratio between a graduate teaching assistant or wage-rated instructor's assignment and the full-time standard at the institution for an academic year. ~~shall be prorated on a FTE basis, by using hours of credit the class carries in relation to a full-time load of faculty within the same department. Teaching assistants and wage-rated instructors will be reported separately to 1 and 2 above on an FTE basis.~~~~

~~3.3. — Classified Personnel: Includes employees who are non-exempt under the provisions of the Fair Labor Standards Act (FLSA).~~

~~3.4. — Administrative Staff: Includes employees who are exempt under the provisions of the FLSA.~~

3.4. Annualized FTE Students: To calculate a full-time equivalent (FTE) student during a 12-month period, an institution shall divide the student's attempted credit hours by 30 for an undergraduate student, or by 20 for a graduate student.

3.5. General Terms: The Utah System of Higher Education shall use generally-recognized industry standard definitions for budget and financial functions as defined by the National Association of College and University Business Officers (NACUBO).

3.6. One-Time Federal Funds: As used in this policy, "one-time federal funds" means a set amount of money from any federal government source that a USHE Institution does not have reason to believe will be available in the future on an on-going basis.

#### R501-4. Guidelines

~~4.1. — Prohibition of Use of Carry Over Surplus for Salaries: Carry forward funds from one fiscal year cannot be used to adjust salaries for the subsequent fiscal year.~~

~~4.2. — Appropriations for Vocational Rehabilitation Program Tuition: The State Board of Regents shall request that the legislature appropriate funds directly to the State Board of Education for payment of full tuition to each of the institutions of higher education under the State Board of Education vocational rehabilitation program.~~

~~4.3. — Tuition Waivers: No waivers of tuition or fees shall be made by any of the institutions to vocational rehabilitation students.~~

4.1. Board Establishes Budget: Each year, as provided by statute, the Board of Regents will prepare a budget to recommend to the Legislature that includes:

4.1.1. employee compensation;

4.1.2. mandatory costs, including building operations and maintenance, fuel, and power;

4.1.3. mission based funding;

4.1.4. statewide and institutional priorities, including scholarships, financial aid, and technology infrastructure; and

4.2. Review Each Item on Own Merits: The Board encourages institutions to consider, when accepting one-time federal funds, that a future budget request for replacement of expiring one-time federal funding with state appropriations will be based on its own merits as if it were a new program.

4.4. 4.3. Operation and Maintenance (O & M) Costs of State-Funded Capital Facilities: O & M costs of capital development projects funded by the state legislature are handled through the Regents' Capital Development funding request.

4.4. **Operation and Maintenance O & M Costs of Non-State Funded Capital Facilities:** ~~Operation and maintenance~~ (O & M) costs of non-state funded capital facilities projects ~~will~~ may be included as an high operating budget priority if the Regents have approved both (1) the construction or acquisition of the facility or space, ~~irrespective of funding source,~~ and (2) the payment of O & M from state tax funds.

4.4.1. The amount of O & M costs included as a high budget priority will be the amount initially approved by the Regents, adjusted for appropriate inflationary cost increases, unless a different amount is justified.

4.4.2. O & M costs resulting from renovation (capital developments and improvements) will be included as a high budget priority if the renovation has been approved by the Regents. Except in unusual circumstances, Regent approval shall be obtained prior to the budget process and prior to any renovation requiring increased O & M funding.

~~4.4.3.— O & M costs in excess of the amounts approved under 4.5.1. and~~

~~4.4.4.— above will be included as a lower budget priority or funded with institutional funds unless the Board directs the costs be moved to a high budget priority.~~

~~4.4.5~~ 4.4.3. O & M costs associated with leased facilities shall be treated as lease costs under the Regent's lease policies rather than as O & M costs of capital facilities.

**R501-1. Purpose:** To provide definitions of terms for budgeting and reporting purposes in the Utah System of Higher Education; provide guidance for the development of appropriation requests; and address budgeting procedures outlined in state law.

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**3.2.1.** An executive or regular staff employee teaching a class in addition to his or her other duties may be prorated and equated to an FTE basis by use of hours of credit the class carries in relation to a full-time load as determined by college department or discipline policy approved by the institution's administration.

**3.2.2.** Regular faculty members who have reduced teaching assignments with part of their time related to sponsored research or other assignments shall be prorated to an FTE by use of hours of credit the class carries in relation to the full-time load, as determined by college department or discipline policy as approved by the institution's administration.

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**4.4. O & M Costs of Non-State Funded Capital Facilities:** O & M costs of non-state funded capital facilities projects may be included as an operating budget priority if the Regents have approved both (1) the construction or acquisition of the facility or space and (2) the payment of O & M from state tax funds.

4.4.1. The amount of O & M costs included as a budget priority will be the amount initially approved by the Regents, adjusted for appropriate inflationary cost increases, unless a different amount is justified.

4.4.2. O & M costs resulting from renovation (capital developments and improvements) will be included as a budget priority if the renovation has been approved by the Regents. Except in unusual circumstances, Regent approval shall be obtained prior to the budget process and prior to any renovation requiring increased O & M funding.

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