

**Budgetary Guidelines Fiscal Year 2017**  
**State Supported Unrestricted and Restricted Funds**  
Effective July 1, 2016

**State Appropriations and Tuition Funds**

(KFS Account Range 1XXXXX)

In an effort to move forward with a more inclusive budgetary model for the University of Maryland, starting July 2016, fringe benefits will be charged to all “state” accounts. Kuali Financial System accounts (KFS) will show fringe benefit costs based on the account from which an employee is paid. State-appropriated general funds will be fully in a “hold harmless” period for Fiscal Year 2017.

The offices of the Senior Vice President and Provost and the Vice President for Administration and Finance are working to create an automated journal entry that will be posted monthly to reimburse the fringe benefits charged (in all Object Codes beginning with 27XX) to the above-referenced group of accounts. Object Code 2798 “Central Fringe Benefit Reimbursement” will be used to reflect reimbursement from the appropriate General University fringe benefit pool account.

State accounts that currently pay their own fringe benefits (such as Enhancement, Differential Tuition, MPower, etc.) will continue to do so in FY 2017.

State carry-forward will be done through the normal budget amendment process.

**Maryland Industrial Partnership (MIPS)**

(KFS Account Range 292XXX)

MIPS will continue to have the fringe benefit charges reimbursed on a monthly basis using Object Code 2798 “Central Fringe Benefit Reimbursement” from the appropriate General University fringe benefit pool account.

**Education and General (E&G) Designated Funds, Cost Share DRIF and Self-Support**

(KFS Account Range 22XXXX, 23XXXX, 28XXXX, 293XXX, 294XXX & 295XXX)

During Working Budget FY 2017, E&G designated accounts (referenced as “Ledger 2”) were budgeted except for Cost Share and MIPS. This same group of Ledger 2 accounts must be budgeted in the future to continue the momentum to a new budgetary model and to allow for more accurate forecasting by the University.

Fringe benefits will be charged to all accounts in this range. Departments will be responsible to budget and fund the fringe benefits on personnel costs incurred on these Ledger 2 accounts except as noted below.

Grant-related Cost Share accounts in Ledger 2 are divided into two categories:

- Fringe benefits bearing
  - Accounts established on or after January 1, 2015, that cover salary costs for individuals not previously funded by a state line (e.g., individuals hired specifically for that contract or grant) will be charged the cost of fringe benefits.
- Fringe benefits exempt
  - Accounts established before January 1, 2015, are exempt from bearing the cost of fringe benefits.
  - Accounts established on or after January 1, 2015, that cover salary costs for individuals funded by a state line *prior to the award receipt* are exempt from bearing the cost of fringe benefits.
  - Accounts established for covering the portion of salary over the NIH (or other federally-mandated) salary cap are exempt from bearing the cost of fringe benefits.

Procedures:

- It is assumed that any Cost Share account is *benefits bearing* unless justified and documented as being exempt. The Cost Share account will be established based on the current process through the Sponsored Projects Accounting and Compliance (SPAC) Office.
  - For *benefits exempt* accounts (as defined above), the department/unit business person will provide the budgeted position information and Cost Share account budget to the College Budget Officer (CBO).
  - The CBO will notify SPAC and the Office of Budget and Fiscal Analysis (BFA) via email that the account should be *benefits exempt*.
  - In cases where there are benefits-exempt and benefits-bearing salary costs, a second Cost Share account will be established.
- For exempt accounts, the fringe benefit charges will be reimbursed on a monthly basis using Object Code 2798 “Central Fringe Benefit Reimbursement” from the appropriate General University fringe benefit pool account.

Effective FY 2016, faculty start-up requests with new personnel-related activity inclusive of fringe benefits is to occur in a Ledger 2 account and represented on the Provost’s Faculty Start-Up Worksheet. Treatment of state-budgeted GAs on start-up agreements is still under discussion.

Starting FY 2017, ending balances (known as carry-forward) will be reflected in the Balance Sheet only and not in the Income and Expense Statement.

- KFS reports are being modified for the July 2016 month-end to assist with a clearer representation of “Budget Balance Available” (BBA) and “Fund Balance.”

- BA3 – Priority Software is being modified to accommodate this change. The office responsible for BA3 will provide separate guidelines.

**Summer/Winter/Freshmen Connection/Extended Studies**

(KFS Account Range 1XXXXX)

These Self-Support accounts, which currently pay their own fringe benefits, will continue to do so in FY 2017.

Carry-forward for these Ledger 1 accounts in will be treated identically to Ledger 2 E&G accounts and will appear on the balance sheet only.

***Departmental users' questions should be directed to the College Budget Officers. College Budget Officers' questions should be directed to Dylan Baker (Provost's Office) or Dan Ramia (College of Agriculture and Natural Resources).***