Maximizing State Funds

2024 USAS Workshop

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Overview

- Maximizing State Funds is a core function of the budgeting and accounting teams
- Each A&M member may budget differently, but we all have the same goal
- Good to understand the requirements by funding source (fund)
- Review the mechanics of how TAMU navigates this process
- Tracking Needs
- Any input is welcome
How does your member spend state funds?

• At TAMU, 95% of state funds are spent on payroll and payroll related costs

• Over the years, the departments were trained to place payroll expenses on state accounts, when possible

• Why? Additional General Revenue appropriations are provided for benefit expenses...it is a good budgeting practice to place payroll costs on state accounts since these benefit appropriations are also provided
  o We are given additional state budget for OASI, TRS and ORP
  o We are given 80% of Group Insurance appropriations, so most of this expense is covered; however, some expenses might need to be recorded on GR and the main appropriation
Annual Spending Rules for State Funds

• Fund 0001 General Revenue funds appropriated under Article III must be spent for appropriation year in which they are received
  o Check for exceptions included in riders
  o Example of exception for 711 is funding for the Virtual Production Institute
    ▪ GAA, Article III-101, Rider 3

3. Virtual Production Institute. Out of funds appropriated above to Texas A&M University in Strategy C.1.1, Virtual Production Institute, $12,500,000 in General Revenue in fiscal year 2024 and $12,500,000 in General Revenue in fiscal year 2025 will be used for the Virtual Production Institute. Any unexpended balances remaining as of August 31, 2024 are appropriated to the institution for the same purpose in the fiscal year beginning September 1, 2025.
Annual Spending Rules for State Funds

• Fund 02xx General Revenue - Dedicated funds as appropriated under Article III
  o These are collected budgets and are an estimate as part of your institution’s method of finance
  o Have authority to roll forward remaining cash deposited in the state treasury, but unused collected budgets must be lapsed per APS018

• Fund 0047 Available University Fund (AUF)
  o Held by agencies 710, 709, 711, and 715
  o Unobligated and Unexpended Budget and cash can be rolled forward
    ▪ GAA, Article III-74-75, Rider 9
Annual Spending Rules for State Funds

- Some State funds we have Unavailable Budget (UB) authority to roll budgets forward
  - Fund 0210 (Appn 13127) and 0001 (Appn 13009) – Hazlewood
    - GAA, Article III-77, Rider 3
  - Fund 0001 Texas Research University Fund (TRUF; Appn 13061)
    - GAA, Article III-293, Section 54.1
  - Fund 0001 Comprehensive Research Fund (CRF; Appn 13161)
    - GAA, Article III-293, Section 54.2
  - Fund 0802 Texas Collegiate License Plates
    - GAA, Article III-292, Section 53
Lapsing State Funds

- The State Comptroller’s Office requires institutions and agencies to return unused state funds...this process is defined as ‘lapsing’

- The concept of lapsing funds means we have been provided more budget than what we need...we have excess, and we need to send back
  - Is this the case?
  - Do we have excess cash?

- More often the issue is the funding between the banks

- GR covers between 18-26% of our operating costs
How does your budget office budget state funds?

• The budget office at TAMU pools all state funds that are not for a specific purpose, GR, Fund 2xx, Higher Ed Affordability, Hazlewood, TRUF, etc., into one budget pool and distributes budget to the E&G accounts

• There are exceptions...
  o If the funds are for a specific purpose like the Virtual Production Institute or the Space Facilities, a separate account is set up along with a bank and accounting analysis code and funds are spent specifically for that purpose through those accounts
  o These funds are not included in the pool the budget office allocates to the E&G accounts
E&G Accounts

- The E&G accounts have the GR bank and an accounting analysis code for GR associated with them.
- Since this pool has more than just GR, we must spend up the other funds that are in the pool while keeping an eye on the GR balance. We do this by overriding the accounting analysis (AA) codes.

<table>
<thead>
<tr>
<th>Appn</th>
<th>Fund</th>
<th>State Bank</th>
<th>AA Code</th>
<th>Program Cost Account (PCA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GR</td>
<td>10711</td>
<td>0001</td>
<td>B14001</td>
<td>various 3701x; 3702x; 3706x; 3074x; 37126; 37137; 3021x; 3023x; 3031x; 3081x</td>
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<tr>
<td>Fund 0242</td>
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<td>0242</td>
<td>various</td>
<td>various 3701x; 3702x; 3705x; 3712x</td>
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<tr>
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<td>28358</td>
<td>0001</td>
<td>B14358</td>
<td>0570 3701x; 3712x; 3097x</td>
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<tr>
<td>Hazlewood – GR</td>
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<td>0001</td>
<td>B14009</td>
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<tr>
<td>Hazlewood – MVE</td>
<td>13127</td>
<td>0210</td>
<td>B14127</td>
<td>0555 13127</td>
</tr>
<tr>
<td>Texas Research University Fund</td>
<td>13061</td>
<td>0001</td>
<td>B14500</td>
<td>0500 30971</td>
</tr>
</tbody>
</table>
Accounting Analysis Codes (AA Codes)

• At main campus, AA codes for GR, Fund 2, and AUF are grouped by division/college so we have smaller amounts of payroll to move around

• Each institution will need to switch between GR and Fund 02xx
  ○ How is this completed at your campus?
  ○ What is the trigger?
  ○ Sometimes this is completed at set times during each year

• We all use different terms while accomplishing the same task
<table>
<thead>
<tr>
<th>Exev</th>
<th>Div</th>
<th>Coll</th>
<th>Dept</th>
<th>Dept Desc</th>
<th>Accounting Analysis Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR</td>
<td>AD</td>
<td>-</td>
<td>PRAD</td>
<td>President's Office-Administration</td>
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<tr>
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<td>AD</td>
<td>VPMC</td>
<td>Vp For Marketing And Communications</td>
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<td>IT</td>
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<td>CSCN</td>
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<td>SS</td>
<td>AD</td>
<td>VPSS</td>
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<td>0415 0915 0015 5215</td>
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<tr>
<td>AA</td>
<td>AD</td>
<td>PROV</td>
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<td>RG</td>
<td>URES</td>
<td>Vice President For Research</td>
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<td>PR</td>
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<tr>
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<td>AR</td>
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<tr>
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<td>CD</td>
<td>BA</td>
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<tr>
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<td>ED</td>
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<td></td>
</tr>
<tr>
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<tr>
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<td>CD</td>
<td>SC</td>
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</tr>
<tr>
<td>AA</td>
<td>CD</td>
<td>BU</td>
<td>Bush School Of Government &amp; Public Svc</td>
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<td></td>
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<tr>
<td>AA</td>
<td>CD</td>
<td>LW</td>
<td>College Of Law</td>
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</tr>
<tr>
<td>AA</td>
<td>CD</td>
<td>VM</td>
<td>College Of Vet Medicine - Admin - Dean</td>
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</tr>
<tr>
<td>AA</td>
<td>LI</td>
<td>LIBR</td>
<td>Tamu Libraries</td>
<td>0432 0932 0032 5232</td>
<td></td>
</tr>
</tbody>
</table>

The GR AA is entered on screen 8 for any “1” account/E&G account in the department listed.
### Accounting Analysis Codes (AA Codes)

Each of the other funds have their own AA code and bank. The AA codes are setup for the entire range of E&G accounts to make things easier to move one AA to another AA.

<table>
<thead>
<tr>
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</table>
FAMIS Screen 725 Accounting Analysis Override

This screen is used to move:
- biweekly
- monthly
- both payrolls from one AA code to another one by pay date.

This screen allows you to move:
- an entire AA code
- one SL
- one SL-SA
- just one UIN

This does not change the bank on screen 6 or the AA on screen 8. It only overrides it for the pay date specified when payroll is processed.

### Example Entries

<table>
<thead>
<tr>
<th>F Cycl</th>
<th>FY</th>
<th>From Date</th>
<th>Thru Date</th>
<th>Account</th>
<th>Accounting Analysis Code</th>
<th>New AA</th>
<th>UIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>All 2024</td>
<td>01/02/2024</td>
<td>03/01/2024</td>
<td>138301</td>
<td>0430</td>
<td>0500</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Mon 2024</td>
<td>12/01/2023</td>
<td>12/01/2023</td>
<td>0411</td>
<td>0011</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Press ENTER to Continue**

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---

1. Moving biweekly and monthly payrolls with pay dates between 1/2/24 and 3/1/24 that hit account 138301 from AA 0430 (GR) to AA 0500 (TRUF).
2. Moving the monthly payroll with 12/1/23 pay date from AA 0411 (GR) to AA 0011 (AUF).
Tracking

- Create a spreadsheet to track payroll projections and actual expenses for each fund by month, ensuring the ending balances reconcile with USAS each month.

- Project future months activity using a business objects report by pay date for monthly and biweekly payrolls by the AA that is on screen 8 for the SL based on prior year activity.

  - This is an example of the business objects report for monthly payrolls:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>0010</td>
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<td>1,237,100.10</td>
<td>1,210,683.78</td>
<td>1,227,153.67</td>
<td>1,269,157.46</td>
<td>1,314,532.74</td>
<td>1,323,482.56</td>
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<tr>
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<td>8,857.50</td>
<td>5,703.02</td>
<td>5,002.02</td>
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<td>9,188.89</td>
<td>5,719.50</td>
<td>5,810.56</td>
<td>5,784.42</td>
</tr>
</tbody>
</table>
Tracking

• Keep in mind the projections are based on prior year activity
  o Things could have changed
  o It’s not a bad idea to confirm the ones you want to move are still close to the same amount by looking at the previous month in the current year before overriding the AA codes on screen 725

• The goal is to move payroll from GR to the other funds to spend them up while keeping an eye on GR to ensure it remains positive

• The tracking spreadsheet is key to the process
Get It Close

• It’s hard to spend down to zero using this method...almost impossible

• This is where Kristina comes in and spends down to zero
  o Are there expenses that can be moved from funds with UB authority like fund 02xx, fund 0047, Hazlewood, TRUF, or CRF?
  o Do you have UB authority to roll the funds forward to the next appropriation year?
Handling Smaller Appropriation Balances to Prevent Lapsing Funding

• Appropriation Expenditure Authorization for E&G Appropriations
  o GAA, Article III-274, Section 6.8
    ▪ Provides authority for expenses related to Instruction, Research, Public Service, Academic Support, Student Services, Institutional Support, Operation and Maintenance of Plant, Scholarships, Staff Benefits, Organized Activities, and Patient Care
      o Excludes major repairs of buildings and facilities unless expressly identified or allocated for such purposes
      o Excludes any funds to be expended for auxiliary enterprises, unless specifically authorized
Handling Smaller Appropriation Balances to Prevent Lapsing Funding

• Since fund 02xx and Fund 0047 can be rolled forward each year, this is typically where expenses will be identified, and those expenses will be moved to GR to spend down larger balances
  o Identify non-benefit related vouchers paid from these funding sources and request AP voucher corrections
  o Manual entries for moving payroll can be done to move payroll only to spend up larger balances
    ▪ Keep in mind these expenses stay on the same department SL
      o In FAMIS, AFR accounts that mirror the original account attributes are used to process screen 13/13 ’C’ entries to change the bank
      o In USAS, 407/408 entries are processed to move expenses between funding sources
Handling Smaller Appropriation Balances to Prevent Lapsing Funding

• Do you have UB authority for the funding source?
  o Analyze the GAA for the various types of funding you receive
    ▪ Review riders under your appropriated budget
    ▪ Review article III Special Provisions Relating Only to State Agencies of Higher Education
  o Work with your budget office to identify thresholds for allowing UB of balances

• When making Expense transfers ensure FAMIS and USAS stay in sync
  o Review your state bank reconciliations to make sure USAS and FAMIS cash are in balance
  o Review your ABEST reconciliation to make sure program codes are still matching between USAS and FAMIS
Not Alone

• These state rules and requirements are a challenge
  o Do we have to know everything?

• There are a team of experts here at the System Office, TAMU and other members who can help
  o If you are stuck, reach out
Summary

• Understand your budget office’s needs and processes on spending State Funds
• Ensure each fund is spent accurately and timely
• Move funds to the new AY...UB forward
• Do NOT lapse state funds if possible...you might not get them again next year
ANY QUESTIONS?