

IUP's Personnel Budgeting Procedures

(Salary and Benefit Costs)

Effective July 1, 2013

IUP's senior leadership has changed the university's personnel budgeting procedures over the last several years. Economic downward trends and the need to manage budgets with greater control centrally have led to the development of these procedures. Centralization implemented in 2009 has helped offset the negative impact of reduced appropriations, minor tuition increases, budget constraints, and new collective bargaining agreements and fringe benefits costs. IUP has still required permanent reductions over multiple fiscal years to balance the budget. A historical perspective of centralized personnel budgeting is attached (see Attachment I).

More recently, the PASSHE Position Budget Management (PBM) system became effective on July 1, 2012. This system resides in the SAP Business Warehouse and resulted in improved tracking of individual positions and more accurate budget control.

The remainder of this document describes the university's current procedures for personnel budget management. These guidelines pertain to faculty, non-represented, AFSCME, SCUPA, Security, coaches, and all other employee personnel-related costs. Student employee related compensation is excluded.

The current IUP policy, '*Centralization of IUP's Personnel (Salary and Benefit Costs) Budgeting Procedures – Effective July 1, 2009*' was officially revoked July 1, 2013.

Personnel Budget Carryovers:

- No personnel carryover funds will be returned to divisions or departments. Personnel carryover is the adjusted position budget less actual expenditures.

Annual Position Budgets – Salaries:

- Educational and general budgets will be allocated directly to divisions/departments by position for funding salary expenses according to PBM estimates.
- Positions will be fully funded annually based upon the salary of the current occupant plus any projected negotiated increases.
- General pay increases, contractual steps, non-represented merit increases, collective bargaining agreement (CBA) mandated changes, one-time cash payouts, and PASSHE initiated changes will be funded from the general fund.
- Faculty promotions are funded from the annual personnel allocation.
- Non-represented employees and staff promotions/reclassifications will be funded from the general fund based upon the decision made by the Office of Human Resources, and official approval of the President.

- Faculty summer school budget will be funded from the annual personnel allocation. Summer incentive funds will require Academic Affairs to maintain a cost-efficient summer program based upon the current Summer Earnings Incentive calculation.
- Faculty Sick Leave Replacements, Overload, Distance Education, Full Court Press, Independent Study/Individualized Instruction, and Temporary Faculty Budgets will be funded from the annual personnel allocations; however pool amounts will be communicated to Academic Affairs for budget management purposes.
- Divisions/departments will continue to receive allocations for overtime and will be responsible for monitoring staff overtime expenditures and funding any overage.
- Shift differential will be funded from the annual personnel allocation.
- Replacement personnel hired while an employee is on sick leave requires a completed *Justification to Fill Position Form*, approved by the appropriate division's Vice President. If the staff member is on sick leave without pay, their available funds may be used to fund a replacement. If the employee is on sick leave with pay, funds to hire a replacement must be identified by the division's Vice President.
- Thesis Dissertation will be funded from the annual personnel allocation.

Annual Benefit Budgets:

- Benefits and any benefit increases for the permanent base positions will be funded from the annual personnel allocation.
- Retirement payouts for annual, personal and sick leave will be funded from the annual personnel allocation.
- Leave payouts (annual, personal, and sick) for grants and designated fund employees will be funded from the annual personnel allocation. This is only in cases where the external funding source does not allow such expenses.
- PASSHE retirement incentive funding will be determined on a case by case basis.

Student Employment Budgets:

- Teaching Associates will continue to be funded by the annual personnel allocation. Any remaining funding will remain in the General Fund.
- Student FICA costs will continue to be funded from the annual personnel allocation.

Vacant Positions:

Instructional

- When a permanent faculty position becomes vacant it will remain funded at the rank and step of the last permanent employee. In the year the vacancy occurs, funds will remain available for other faculty compensations or permanent reduction plans.
 - Example: if a permanent faculty member, budgeted as a full professor step 13, \$110,038, retires in the middle of the academic year they will

have received \$55,019 in salary compensation. The balance of \$55,019 will remain on that vacant position through the end of the academic year. Academic Affairs can decide if the remaining funds will be used for temporary faculty appointments, overloads or to supplement new permanent hires that may be over a position's budgeted amount.

- The vacancy will remain fully funded until filled permanently or eliminated. During the year a vacancy is permanently filled the residual funds are still available for other faculty compensations or permanent reduction plans.
 - Example #1 – Permanently Filled/Permanent Reduction: In FY2013-14 a vacant professor step 13, \$110,038 is filled by a new permanent faculty hired at assistant step 6, \$65,906. The balance of \$44,132 is used to fund the Academic Affairs permanent reduction target. In this example no residual funds are left on the position and the newly filled position is budgeted at the assistant step 6 level.
 - Example #2 – Vacant/Permanent Reduction: In FY2013-14 a vacant professor step 13, \$110,038, is reduced to an assistant professor step 6, \$65,906. The balance of \$44,132 is used to fund the Academic Affairs permanent reduction target. The division can then search for an assistant professor step 6 in the upcoming academic year.
 - Example #3 – Vacant/Temporarily Filled – In FY2013-14 a vacant professor step 13 position, \$110,038, is filled with temporary faculty appointments totaling \$45,696. The balance of \$64,342 may be used for additional temporary faculty appointments, overloads or other faculty compensations. In FY2014-15 the position will remain budgeted at professor step 13 until permanently filled, reduced, or eliminated.
 - The residual funds in Example #3 may also be used to supplement a new permanent high hire (hired above budgeted rank & step) if the appointed annual salary is over a position's current budgeted amount. In FY2014-15 the vacant position would be decreased by any amount of funding transferred to supplement the other permanent position. The balance of residual funds not used for permanent faculty funding would revert back to the general fund and be used to offset increases including but not limited to salaries, reclassifications, promotions, or fringe benefits.
- In the following fiscal year the position will be budgeted at the current incumbent's salary level.
 - Continuing the above example: If the residual funding of \$44,132 is not assigned to another permanent faculty position in FY2013-14, the residual will revert back to the general fund in FY2013-14 and in FY2014-

15 will be used to offset any budget increases including but not limited to salaries, reclassifications, promotions, or fringe benefits.

- A monthly vacancy report is prepared detailing changes in funding activity. The finalized report is submitted to the Vice President for Administration and Finance, the President and the respective divisional Vice Presidents.

Non-Instructional

- Non-instructional positions will remain budgeted at the rank and step of the person that last vacated.
- Vacant positions require a completed *Justification to Fill Position Form* with the division's Vice President's approval and a recommendation by the Vice President for Administration and Finance.
- A 90 day vacancy waiting period is in effect to fill vacancies. If requested, a waiver of this waiting period may be granted by the President.
- Transferring budget from one position to another position requires approval of the Vice President for Administration and Finance.
- A monthly vacancy report is prepared detailing changes in funding activity. The finalized report is submitted to the Vice President for Administration and Finance and the President.

Positions Exceeding Approved Budget Amount:

- Positions filled as a result of a bidding right through a collective bargaining agreement will be covered by the annual personnel allocation.
- Positions filled in excess of the *Justification to Fill Position Form* approved budget amount, and not a result of a bidding right, will need to have permanent funding identified by the division's Vice President and receive approval from the Vice President for Administration and Finance.
- Non-represented (manager) positions filled in excess of the approved budget amount will need permanent funding identified by the division's Vice President and receive approval from the Vice President for Administration and Finance.

New Positions:

- New permanent positions that are proposed require a completed *Justification to Fill Position Form*, a recommendation by the Vice President for Administration and Finance, and approval from the President. New permanent funding MUST be identified by the division's Vice President.
- New temporary or part-time positions will also require a completed *Justification to Fill Position Form*, a recommendation by the Vice President for Administration and Finance, and approval from the President. Funding for the limited term assignment will need to be identified by the division's Vice President and transferred appropriately.

- Annual renewals of temporary positions do not require a *Justification to Fill Position Form*.

Special Occurrences:

- Arbitration and grievance settlements will be reviewed to identify the appropriate source of funding. A division/department may be held responsible for funding if a settlement is a result of deliberate negligence or mismanagement.
- Salary and benefit expenses for any employee released to do work on an external project must be supported by those grant or contract funds. If a replacement is required, the replacement's salary and benefit expense will be supported by the position budget of the "released" individual.