GUIDELINES FOR BUDGETING REVENUE

Budgeting Revenues
The Expenses module is used to budget both revenues and expenses. Be sure to use a minus sign when entering most revenue numbers, as well as Resource Transfers In and Expense Credits. Do not use a minus sign for Financial Aid or Resource Transfers Out, which are contra-revenue items.

Budgeting Tuition
Tuition should be budgeted in the following months:

<table>
<thead>
<tr>
<th>Month</th>
<th>Month</th>
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<tbody>
<tr>
<td>Summer II</td>
<td>September</td>
</tr>
<tr>
<td>Fall Preliminary</td>
<td>November</td>
</tr>
<tr>
<td>Fall Final</td>
<td>January</td>
</tr>
<tr>
<td>Spring Preliminary</td>
<td>March</td>
</tr>
<tr>
<td>Spring Final</td>
<td>June</td>
</tr>
<tr>
<td>Summer I</td>
<td>June (will be posted in the adjust period)</td>
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</tbody>
</table>

For more information on tuition distribution, see the document prepared by Student Financial Services and distributed to the Schools at Senior Roundtable in Spring 2002. Contact the University Budget Office if you need to obtain a copy of this document. For information on calculation of the Undergraduate Guarantee, see http://www.upenn.edu/budget/.

Budgeting Student Aid
Be careful to budget Student Aid in the appropriate object codes, so that the component of Student Aid that will be counted as contra-revenue, the component of Student Aid that will be counted as Compensation, and the component of Student Aid that will be counted as Current Expense all appear in the appropriate categories.

For contra-revenue Graduate/Professional Student Aid, please be sure to budget the aid in the months in which you will process it. For the contra-revenue aid distribution that is based on course units, budget the fall distribution in December, and the spring distribution in June.

Budgeting Investment Income
The current budget planning parameters assume that there will be no change in the University's current "Spending Rule" rate of 4.7%. This 4.7% rate is applied to the average market value of endowment over the past three years, lagged by one year. The actual amount of Investment Income that will be available for spending next fiscal year may vary slightly due to adjustments in your holdings under the Spending Rule.

Please budget all the AIF Investment Income you expect to receive, whether or not you plan to spend it. To help you do this, the Budget Office will replace any AIF income lines you had last year with lines that reflect the AIF guarantee. If subsequent additions (e.g. new gifts) are known, you should increase amount appropriately.
Budget all AIF income using Object Code 4710 (Investment Income Distributed) even though some AIF income will actually arrive in Object Code 4810 (Reclassification, Endowment Income) from NAC 1. This practice minimizes variances in budget-to-actual comparisons during the fiscal year since both NACs 1 and 0 will normally be included. Please budget any overhead on AIF Income separately in object 4792 (Investment Income, Overhead Charge).

If detailed budget lines are not ready for all of your Designated Investment Income Funds in which you expect spending to occur in the coming fiscal year, you may submit any detail you have prepared, and you may budget the remaining total amount of anticipated income and expenditure at a summary level in Fund 479999. This summary data will be uploaded to the General Ledger and included in the Original Budget.

If you choose to use this option of budgeting your Designated Investment Income Funds at a summary level, understand that your individual Designated Investment Income Funds will have no authorized spending level in the General Ledger. Prior to authorizing any spending from these unbudgeted funds during the fiscal year, you are required to budget to the detailed ORG/FUND combination level in the Current Operating Budget using the Budget Journal Entry screen. If you wish to maintain the accuracy of your total level of planned spending in the Current Operating Budget, you should reduce the amount budgeted in Fund 479999 each time you submit a detailed ORG/FUND budget in the Current Operating Budget using the Budget Journal Entry screen (assuming the ORG/FUND expenditure detail you are adding was included in your original summary expenditure forecast in Fund 479999). Alternatively, you may elect to exclude Fund 479999 from your totals when adding up the Current Operating Budget.

For TIF (Temporary Investments Fund) income and for SIF (Separately Invested Funds) income, you should budget income in the months you expect income to be received. However for TIF, you can allow PILLAR to default to dividing the annual income by 12 to produce monthly budgeted income.

**Budgeting Gift Income**

Please budget your planned level of Designated Gift Funds income for the upcoming fiscal year using Object Code 4400, whether or not you plan to spend that projected income in the coming year. Budget in Fund 649999 for Operating Gifts and in Fund 659999 for Capital Gifts unless you are quite certain that gift income will be received in the coming fiscal year in a particular Designated Gift Fund. As with the budgets for the Designated Investment Income Funds, these summary income amounts will be loaded into the Original Budget in the General Ledger.

If you budget Designated Gift Fund income at a summary level in your Original Budget, understand that your individual Designated Gift Funds have no authorized spending level in the General Ledger. Prior to authorizing any spending from these unbudgeted funds during the fiscal year, you are required to budget to the detailed ORG/FUND combination level in the Current Operating Budget using the Budget Journal Entry screen. If you wish to maintain the accuracy of your total level of planned spending in the Current Operating Budget, you should reduce the amount budgeted in Fund 649999 each time you submit a detailed ORG/FUND budget in the Current Operating Budget (assuming the ORG/FUND expenditure detail you are adding was included in your original summary expenditure forecast in Fund 649999). Alternatively, you may elect to exclude Fund 649999 from your totals when adding up the Current Operating Budget.
In the Current Operating Budget, Designated Gift Funds are not normally considered budgetable until gifts have actually been received. However, at their discretion, Schools and Centers may allow Designated Gift Fund budgets to be entered in advance of gift receipt in order to document authorized spending levels. However, no expenditure should occur in any Designated Gift Income Fund unless actual gift income is available for expenditure, no matter what has been budgeted.

Note that for Capital Gifts, gift income and the gift reclass (Object Code 4812) are booked to NAC 1 because the gift is temporarily restricted until the project is built. PILLAR, as currently configured, is not capable of posting a budget to NAC 1. In order to include Capital Gift budgets in your Original Budget, you should budget them in PILLAR in NAC 0. If the Gift Fund and the Program value for a capital project are known, please use them. If the gift fund is not yet established, use Fund 659999, which will be sent to the General Ledger. If the Program value for the capital project is not known, use Program 8999.

If you can anticipate the timing of gifts with reasonable accuracy, then adjust your budget to project the receipt of gift income in a specific month or months. For example, many Schools and Centers receive most of their gifts in the 2nd and 4th quarters.

**Budgeting Grant and Contract Income**

Please budget the entire amount of grant and contract revenue expected in the coming fiscal year in either Fund 599998 (non-government grant and contract) or 599999 in Object Code 4600, which will be loaded to the General Ledger. If you use Fund 599999 to budget grant and contract revenue, then budget the entire amount of anticipated Indirect Cost Recovery in the School “Surrogate ORG” in Fund 000000, Object Code 5510. The budgeted amount in this fund should equal 81% of the budgeted amount in the Sponsored Program Funds in Object 5282 (Sponsored Grant/Contract Overhead Charge). Likewise, if you use Fund 599998 to budget grant and contract revenue, budget the entire amount of anticipated Indirect Cost Recovery in the School “Surrogate ORG” in Fund 000000, Object Code 5511. The budgeted amount in Object Code 5511 in the General Unrestricted Fund should equal 100% of the budgeted amount in the Sponsored Program Funds in Object Codes 5295, 5296, 5297, and 5298.

If you can anticipate the timing of grant expenditures with reasonable accuracy, you can adjust your budget to project Sponsored Program activity in a specific month or months. In most cases, however, allowing PILLAR to default to dividing any anticipated income by 12 to produce an anticipated monthly ICR income amount should not present any problems for your School or Center or for the University as a whole when budget-to-actual variances are analyzed.

Since the amount budgeted in the Current Operating Budget in an individual grant fund is the amount of the entire award, and is likely to include expenditure activity that precedes or follows the current fiscal year, it probably will not be worth the effort for you to attempt to maintain and update the Fund 599999 or 599998 budget total during the coming fiscal year.
Budgeting Other Income
If you anticipate that your School or Center will realize a material amount of Other Income in the coming fiscal year, and you can predict the months in which this income will be realized, and the pattern of receipt is likely to be highly uneven, you should budget this income in the months in which you believe receipt is likely to occur. You should confirm with the Comptroller’s Office that these projected income sources will be recorded at the time and in the manner you anticipate.

Budgeting Subvention and Commonwealth Appropriation
You should normally budget Subvention and Commonwealth Appropriation as one annual amount and allow PILLAR to divide by 12 to spread these amounts evenly across the fiscal year.

Budgeting Resource Transfers
Resource Transfers should be used only in situations in which a School or Center is giving general support to (or receiving general support from) another School or Center (or a different ORG within your own School/Center) and this support is independent of any specific reciprocal receipt of goods or services. When Resource Transfers are budgeted, supporting detail must be supplied in the PILLAR Notes, explaining the purpose of each anticipated transfer, the source of the transferred funds, and the anticipated recipient. All general Resource Transfer transactions should have a Resource Transfer In (Object Code 4820) on the credit side of the transaction, and a Resource Transfer Out (Object Code 4825) on the debit side of the transaction. In PILLAR, when budgeting external Resource Transfers, two fields named Resource Transfer ORG# and Resource Transfer School Name should be populated. All Resource Transfers, that are not internal transfers, must identify which ORG the funds are coming from or going to. Resource Transfers Out (4825) should include anticipated transfers to the Renewal and Replacement Fund (000005 Fund) or to other funds that hold reserves (other than the University Bank Fund).

Resource Transfers should be used for all transfers unless another School or Center is reimbursing you for expenses for services rendered on its behalf (in which case you should budget the transaction using Expense Credits).

Budgeting University Bank Transfers
If you have an operating surplus at year end, you have the option of depositing it in the University Bank Fund (Fund 000013) during the closing process. If you are planning to use unspent balances from your School/Center Bank Fund account, you must use Object Code 4839 (University Bank Transfer) to record the transfer of these funds out of the Bank Fund, and enter an offsetting credit in the same Object Code 4839 in the Fund that will receive the transferred resources.

Budgeting Capital Project Funding Transfers
If you are planning to provide funding for any capital projects, you must budget these planned funding transfers. To budget these funding flows, debit Object Codes 4821 (Capital Funding Transfer) or 4812 (Capital Gift Reclass) for the amount to be funded, using the appropriate Program in the Capital Programs (8000-9499) range. If a specific Program value has not yet been assigned for the project, use Program 8999 (Capital Project to be Determined). Centers cannot expense a Capital Gift fund that is certified as a Capital Project.
Budgeting Funding from Allocated Costs
Budget the amount specified in your guarantee letter, and allow PILLAR to divide that amount by 12 for you.