General Process for Budget Formulation  
Office of Budget Management  
Updated: March 2014

***Most of users have already worked through step 1 in preparation for budget hearings and budget formulation.

1. Analyze PERM budgets, local fund budgets and position budgets using FM and PBC reports available through BW. These reports may include the following:
   - FM810: General Funds Budget vs. Actual
   - FM813 (or V2 for 5 yr): 3-year Budget & Actuals for Budget Planning
   - FM954C: YTD Fund Balance with Commitments
   - FM957C_V2: Fund Balance w/ Budget, Current and Future Year Commitment
     - This report includes FY13 budget AND YTD fund balance. It also project endowment net revenue for FY15.
   - FM809: Endowment Investments Actuals – To assist with budgeting UC Foundation’s 4% administrative fee.
   - PBC300 – Position Planned Comp & Employee Annual Salary
   - FM6169 – Position Budget Control
   - HR300 – Positions w/ Vacancy Status and Planned Compensation Report
   - ZENDW_18: Data is uploaded into PBF and automatically populate for the new year budget.

2. Create budget forms for all fund types (applicable for the first 5 digits of the cost center range)
   - General funds – A1
   - Local funds – D1, E1, F1, H1, J1, P6
   - Be sure to save each form that is created even if there are no changes to the form.

3. Run BW Reports
   - Review general fund PERM budget loaded into PBF system.
     - PBF100 General Funds Expense Budget
   - Review local fund data analysis – 3 year average and FY13 YTD forecast.
     - PBF200 Local Funds Budget Planning
   - Review employees salaries, position planned comp, and cost distributions.
     - PEP400: General Funds Employee Budget
     - PEP401: Local Funds Employee Budget

4. Analyze data from BW reports and note any adjustments to be made in the system (through the forms).

5. Enter appropriate form to make updates to employee/positions and adjustments to budgets.

6. Re-run appropriate BW reports to validate changes/updates made in the system.

7. Run appropriate BW reports to ensure budgets submitted are correct and follow policy.
   - PEP500 – Final Review General Funds
     - PEP variance must be ≥ $0 at cost center level.
     - Overall adjustment = $0 (unless adjusting for benefits)
     - Benefit adjustments (if applicable)
   - PEP501 – Review Revenue Local Funds
   - PEP220 Fund Balance
     - Revenue + Transfers In ≥ Expense + Transfers Out

8. Advance form(s) to next budget stage.