

UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM

SECTION: Fiscal Affairs

NUMBER: 03.F.09

AREA: Asset Management

SUBJECT: Payments of Benefit Costs from State-Appropriated Funds

1. PURPOSE

The [Texas Comptroller of Public Accounts](#), under the authority of the [General Appropriations Act \(GAA\)](#), requires State institutions of higher education to ensure payments of benefit costs are proportional to a university's funding from appropriated funds unless another legal provision prohibits proportionality. This document establishes policy and procedures for ensuring compliance with State statutes, administrative regulations, and reporting requirements regarding benefits proportionality.

2. POLICY

- 2.1. Each component of the University of Houston System shall develop procedures accurately accounting for and reporting on the elements of revenue constituting proportional funding.
- 2.2. Each component of the University of Houston System shall develop procedures ensuring the benefit costs related to salaries paid from State-appropriated funds are allocated proportional to the component's funding from appropriated funds.
- 2.3. Procedures implemented to comply with this policy shall be standardized and uniform within the UH System.
- 2.4. Each component shall prepare and submit timely compliance reports required by State oversight agencies. These reports shall use the forms and worksheets designated by the appropriate oversight agency. UH System management shall ensure the component's reporting adheres to consistent application of State Comptroller policy and regulations, and the reports are prepared in a standardized manner.
- 2.5. UH System management shall review all component prepared compliance reports, for accuracy and compliance, prior to their submission to the State oversight agencies.

3. DEFINITIONS

- 3.1. Appropriated Funds: Financial resources created by the State Constitution or statutes that are expended through a legislative appropriation. Universities with

appropriations in the GAA are funded with one or more appropriated funds. Appropriated funds are grouped into:

- A. General Revenue (GR),
- B. General Revenue-Dedicated (GR-D),
- C. Federal Funds (FF), and
- D. Other Special Funds (OF).

3.2. General Revenue-Dedicated: An appropriation from GR-D is an appropriation of local funds revenue which has been set aside by law for a particular purpose or entity. For higher education institutions, these revenues are Educational and General Funds as defined in [Texas Education Code, Section 51.009](#), and are to be transmitted for deposit in the State Treasury.

3.3. Reporting Period: The reporting period for proportionality reports is the prior appropriation year, where appropriation year is the year the legal authorization was made by the legislature (September 1 through August 31).

4. PROCEDURES

4.1. Components of the UH System must ensure reimbursement payrolls contain the proper allocation for all related benefit costs to make certain accurate amounts are used in the proportionality calculations. Any restrictions on the level of salaries which can be paid from a particular source of funding must be identified when completing the State Comptroller's required report forms.

4.2. The UHS State Accounting department shall promulgate [guidelines](#) to aid in ensuring compliance with applicable regulations related to accounting for and complying with benefits proportionality rules. These [guidelines](#) will be made available on their departmental web site.

4.3. This policy does not apply to institutional funds held outside the State Treasury, as the salaries and related benefits from those institutional funds are not eligible to be paid from State Treasury funds.

4.4. Any UHS component with only a single appropriated fund and not required to complete the proportionate benefits calculation, per [State Comptroller policy](#), shall submit a letter confirming this status to the offices of the Comptroller, State Auditor, and Legislative Budget Board.

5. REVIEW AND RESPONSIBILITY

Responsible Party: Senior Associate Vice Chancellor for Finance

Review: Every three years on or before August 31

6. APPROVAL

Approved: Jim McShan
Senior Vice Chancellor for Administration and Finance

Renu Khator
Chancellor

Date: June 12, 2017

REVISION LOG

Revision Number	Approved Date	Description of Changes
1	06/12/2017	Initial version