
University of Houston System State Benefits Proportional by Fund

Policy

The Texas Comptroller of Public Accounts, under the authority of the General Appropriations Act (GAA), requires agencies and institutions to ensure payments of benefit costs are proportional to a state agency's or institution of higher education's funding from appropriated funds unless another legal provision prohibits proportionality.

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

The University of Houston System components are state institutions of higher education that fall under this requirement, as provided by the GAA, Article IX, Sections 6.08, 87th Legislature, Regular Session, 2021 and the Texas Education Code, Section 51.009 (a) and (c).

Components of the University of Houston System must ensure that any reimbursement payrolls contain the proper allocation for all related benefit costs to ensure accurate amounts are used in the proportionality calculations. Any restrictions on the level of salaries that can be paid from a particular source of state funding must be reported when completing the State Comptroller's Benefits Proportional by Fund Report Form.

The University of Houston System Administration is currently funded with a single appropriated fund and is not required to complete the proportionate benefits calculation, per State Comptroller Accounting Policy Statement 011. The University of Houston System Administration is required to submit a letter confirming this status to the offices of the Comptroller, State Auditor and Legislative Budget Board by November 19 each year.

All University of Houston System components with multiple appropriated funds included in their Method of Finance must complete the Benefits Proportional by Fund Report Form and submit it to the offices of the Comptroller, State Auditor and Legislative Budget Board by November 19 each year.

Definitions

Appropriated funds: This refers to funds created by the state constitution or statutes that are expended through a legislative appropriation. Agencies with appropriations in the GAA are funded with one or more appropriated funds. Appropriated funds are grouped into General Revenue (GR), General Revenue Dedicated (GR-D), Federal Funds (FF) and Other Special Funds (OF).

Reporting period: The reporting period for this report is the prior appropriation year, where appropriation year is the year that the legal authorization was made by the legislature (September 1 through August 31).

Procedures

The Comptroller of Public accounts maintains Accounting Policy Statement 011 as part of their Fiscal Policies & Procedures and each component of the University of Houston is responsible for compliance. To ensure that benefits are paid proportionally by fund source, components are required to complete and submit annually the Benefits Proportional by Fund (APS011) Report no later than November 19. Any benefit payment adjustments required to maintain proportionality also must be completed by this date. The finalized report must be submitted to the Comptroller of Public Accounts, the State Auditor's Office, and the Legislative Budget Board.

The APS011 Report is completed in three sections: I) Funding Proportionality Calculation, II) Benefit Worksheet, and III) Adjustment Notification.

Funding Proportionality Calculation: Identify each financing source (e.g., General Revenue, General Revenue-Dedicated) that provides financing by including appropriated fund numbers and include appropriation numbers where necessary (rider appropriations). While recognizing that each university component may have developed accounting methods or systems to accommodate their unique missions and student profiles, each component shall enact measures to identify, as consistently as possible, the common revenue lines for statutory and/or board authorized premium tuition, as well as all related tuition waivers and exemptions, that are remitted to the state treasury as General Revenue-Dedicated funding sources. For each financing source, identify the amount financed. This amount should match the GAA or should equal revenue amounts for collected revenue. There should be consistency between USAS and university component financial systems. Component campuses should actively exclude financing sources which are precluded from the proportionality calculation and list the financing source and a legal cite for any exclusions (e.g., tuition waivers and exemptions, Texas Public Education Grants, pass-through grants). After exclusions, the ratio of each financing source to Grand Total Financed shows the proportions applied to benefit payments.

GR-D financing also includes revenue which is used solely to fund benefits. The amount of GR-D financing is recalculated on the Benefits Worksheet to compensate for benefits paid from this source.

Benefits Worksheet: The proportions indicated by the Funding Proportionality Calculation are then applied to Old Age and Survivors Insurance, Employees Retirement System (ERS), Teachers Retirement System and Optional Retirements Program benefit payments. If the calculated proportions differ from the actual payments, the benefit payments must be adjusted to match the calculated ratio. The ERS, General Revenue benefit payment maximum is set by the GAA and the adjustment amount cannot cause total expenditures to exceed the GR sum certain amount appropriated on behalf of each institution. Identify fund numbers for each benefit type and the amount actually paid from each fund. Funding sources excluded in the Funding Proportionality Calculation should have any benefits paid from that source also excluded on the Benefits Worksheet.

The recalculation of GR-D financing is achieved by multiplying the GR-D financing source proportional percentage by total net benefit expenditures; that amount is then subtracted from the total GR-D financing amount. The new calculations are applied throughout the APS011 Report. Any required adjustments are thereby identified. To avoid large adjustments or other difficulties, periodic analysis of benefit proportions should be conducted throughout the year.

If GR overpaid benefits for salaries paid from Other Educational & General funds, adjustments between GR and other funding sources are made by expenditure transfer. All associated current document numbers should be identified and listed in this section. General Revenue must be reimbursed institutionally for benefit payments made in relation to salaries paid from funding sources in excess of the MOF.

Adjustment Notification: For any adjustments to ERS or TRS, a component must submit the Adjustment Notification Form from the APS011 website. This is sent to the appropriate benefit agency and included with the submission of the APS011 Form to the Comptroller, the SAO and the LBB. An overpayment by the institution will result in a credit applied by ERS or TRS to a future period. Underpayments by the institution will require a reimbursement to ERS or TRS according to APS 005, Reimbursing Retirement Contributions and Insurance Premiums.