



UNIVERSITY OF
South Carolina

BUDGET MODEL USER GUIDE

ACADEMIC UNITS

JULY 2020

**University of South Carolina
Budget Model User Guide
Academic Units**



I. Budget Model Overview

A. Introduction

The new budget model is “live” July 2020 (FY2021). Fundamentally, the budget model is a data-informed approach to resource allocation, with the aim of adding increased incentives for entrepreneurialism and efficiency, while also improving transparency. However, the budget model does not in itself create or destroy resources. Instead, the model enhances transparency and better highlights the internal economy of the University. Under this model, college level budgets could grow, shrink, or stay the same based upon unit activity, institutional priorities, and external forces.

B. Unit Categorization

A key aspect of the budget model methodology is unit categorization. According to the budget model methodology, each Columbia operating unit is grouped into one of four categories according to its ability to serve as a driver of revenue-generating activities. Primary units (Academic and Auxiliary) have the ability to influence revenue generation, while central support units have limited-to-no ability to influence revenue. See the chart below for further details.

Unit Categories	Units Included
Auxiliaries	Athletics, Housing, Parking, Student Health
Academic Units	All areas with Deans are considered academic units except for Libraries, Honors College and Graduate School
Pass-Through Units	Units supported with state appropriations and self-generated funds
Support Units	All other Columbia campus areas not classified above (primarily administrative units)

Within the Support Unit category (which contains areas such as HR, Finance, Facilities, IT, etc.), units are further grouped into cost pools based upon similarities of activity. An allocation metric is chosen to act as a proxy of the costs associated with the use of services provided by the support units within each cost pool. Only academic units are eligible to receive these expense allocations. See the chart below for detail of support unit cost pools and associated allocation metrics.

Cost Pool	Support Units Included	Allocation Metrics
Central Services & Administration	Admin & Finance, Business Affairs, HR, Development, Communications, etc.	Total Employee FTE
Facilities	Facility Services, Utilities, Facilities Projects	Net Assignable Square Footage
Enrollment & Scholarships	Enrollment Management and Scholarships	UG Student FTE
Information Technology	University Technology Services (DoIT), OneCarolina	Total Headcount
Libraries	University Libraries	Student FTE + Faculty FTE (less Law)

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B. Unit Categorization (continued)

Cost Pool	Support Units Included	Allocation Metrics
Academic Affairs	Provost, Faculty Senate, Graduate School, International Programs	Student FTE + Tenured/Tenure-Track FTE
Research	Office of Research/ Research Administration	Contract & Grant Revenue
Academic Access & Degree Completion	On Your Time, Palmetto College Administration, Distributed Learning	Student FTE
Executive Affairs	Board of Trustees, President, Legal, Economic Engagement	Total Direct Expenses
Academic Support & Student Services	University 101, Residential Learning Centers, Student Affairs, Academic Support Services	UG Student FTE
Honors College	Honors College	UG Student FTE
Strategic Excellence/Efficiency	Strategic Excellence & Efficiency Initiatives	Direct / Total Direct Expenses

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C. Model Methodology & Decision Points

Another key aspect of the budget model is that the concept of a static base budget (i.e. 31900) is removed. For Academic Units, it is replaced by a combination of revenue allocations, support unit costs allocations, and central funding model allocations. The primary revenue streams allocated within the new model are Undergraduate Tuition, Graduate Tuition, State Appropriations, and Indirect Cost Recovery (IDC) Revenue. These additional revenues are offset with the added expense of Support Unit Cost Allocations. Finally, Model Allocations are used to set aside funding for academic initiatives as well as to provide a “rebalancing” among various colleges by shifting resources available from those able to make contributions to those requiring additional support. See below for a summary of model allocation decisions and other major model decision points.

Decision Point	Allocation Type	Model Treatment
Model Application	N/A	Applies to USC Columbia (not including SOMs), however, other system institutions are included in reporting to allow for reconciliation to financial statements
Undergraduate Tuition – Resident	Revenue	70% to academic unit based on share of resident credit hours instructed (i.e. College of Instruction) 30% to academic unit based on share of resident credit hours enrolled (i.e. College of Record)
Undergraduate Tuition – Non-Resident	Revenue	70% to academic unit based on share of non-resident credit hours instructed (i.e. College of Instruction) 30% to academic unit based on share of non-resident credit hours enrolled (i.e. College of Record)
Graduate Tuition	Revenue	100% to academic unit based on record/major
General State Appropriations	Revenue	70% to academic unit based on share of enrolled resident credit hours (i.e. College of Record) 30% to academic unit based on share of grants and contracts revenue
Indirect Cost Recovery (IDC) Revenue	Revenue	Allocated 100% to units generating IDC
Support Unit Allocations/ Cost Pools	Support Unit Costs	Grouped all support units into pools based on similarities of activity “Net Cost” (i.e. expenses less direct revenues) are allocated based upon metrics/drivers agreed upon as adequate “proxies”
Participation Fee	Central Funding Model Allocations	Academic units pay a participation fee, or tax, on unrestricted tuition, general state appropriations, indirect cost recovery (IDC) and sales, services, and other revenue. This tax will generate a source of funds for subvention and strategic initiative funding.

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I. Budget Model Overview

C. Model Methodology & Decision Points (continued)

Decision Point	Allocation Type	Model Treatment
Legacy Model Adjustment	Central Funding Model Allocations	In the new budget model, based on an assessment by Huron, an industry leader in budget model development, a recurring adjustment is required on a continuing basis to allow for model viability. The rationale for the split was for the college with the highest “natural” model margin ('Unit Margin After Support Unit Allocations') to provide funding to those units requiring the highest subvention levels due to pedagogy, accreditation and other requirements.
Subvention	Central Funding Model Allocations	The concept of subvention recognizes that not all colleges will have adequate resources to support their costs due to discipline-specific circumstances of pedagogy, accreditation requirements, space/equipment needs, etc. Recognizing the mission and strategic importance of offering a comprehensive array of academic programs and services, subvention provides a “rebalancing” among various colleges by shifting resources available from those able to make contributions to those requiring additional support. The source for subvention funding is the participation fee.
Strategic Initiative Funding (SIF)	Central Funding Model Allocations	Strategic initiative funding (SIF) is funding set aside for academic units from the participation fee after the calculation of subvention to further the University's priorities and mission.
Carryforward	N/A	Units generally are permitted to maintain carryforward built by retained surpluses and to be used to mitigate unforeseen losses or one-time strategic initiatives. In the event that surpluses are larger than expected or agreeable, it is assumed that conversations would be initiated with those impacted to discuss adjustments, but with intent of not limiting incentives.

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II. New Model Allocations

A. Account Codes

In order to record each of the new model allocations within PeopleSoft, a new account series (71XXX) has been created. Each new model allocation is associated with a unique 71 account code. See below for a mapping of new model allocations to account codes.

Account Category	Unrestricted	Restricted	Model	Model Accounts²	Total
Base Budget Allocation	50,000,000	0	(50,000,000)		0
Direct Tuition	5,000,000	0	0	71404	5,000,000
UG Tuition - Resident	0	0	45,000,000	71401	45,000,000
UG Tuition - Non-Resident	0	0	30,000,000	71402	30,000,000
Graduate	0	0	3,500,000	71403	3,500,000
Total Tuition	5,000,000	0	78,500,000		83,500,000
Total Fees	3,000,000	0	0	71405	3,000,000
General State Appropriations	0	0	20,000,000	71491, 71492	20,000,000
Direct State Appropriations	0	0	0	71490	0
Indirect Cost Recovery (IDC) Revenue	1,000,000	0	2,000,000	71430	3,000,000
Grants, Contracts & Gifts	0	25,000,000	0		25,000,000
Sales, Services & Other	500,000	500,000	0		1,000,000
Total Revenue	59,500,000	25,500,000	50,500,000		135,500,000
Total Direct Expenses	(62,000,000)	(27,000,000)	0		(89,000,000)
Total Contras & Transfers	2,500,000	1,500,000	0		4,000,000
Margin Prior to Support Unit Allocations	0	0	50,500,000		50,500,000
Support Unit Allocations	0	0	(45,000,000)	715% ¹	(45,000,000)
Model Allocations:					
Legacy Model Adjustment	0	0	0	71800	0
Participation Fee Payment	0	0	(15,000,000)	71830	(15,000,000)
Subvention	0	0	9,500,000	71810	9,500,000
Net Funding From / (To) Other Academic Units	0	0	(5,500,000)		(5,500,000)
Strategic Initiative Funding	0	0	0	71820	0
Total Model Allocations	0	0	(5,500,000)		(5,500,000)
Margin (Change in Fund Balance)	0	0	0		0

¹Includes account codes 71500-71511 (one account code per cost pool)

²Account categories without a corresponding 71 model account are not impacted by new model allocations

II. New Model Allocations

B. Model Allocation Entries FAQs

1. Question: Will 71XXX series entries be recorded as budget entries or actual entries?

Answer: Both, 71XXX entries will be recorded to both Budget and Actual ledgers. The beginning budget upload will include total budget amounts per the FY2021 Budget Document. Throughout the year, journal entries to 71XXX accounts will be recorded to the Actuals ledger on a monthly basis. Unlike legacy budget allocations (3XXXX), which served as budget and actuals, only the actual 71XXX amounts will impact each unit's margin.

2. Question: Will 71XXX series journal entries to the Actuals ledger be based upon current year actuals or beginning budget? What is the timing of these entries?

Answer: This answer depends upon which 71XXX allocation entry is being recorded. Revenue allocation journal entries will be based upon actual GL revenue. However, other model allocation (e.g. support unit cost allocation) journal entries will be based upon the approved FY2021 Budget. See the chart below for further details.

Model Allocation	Journal Entry Source:	
	Budget vs. Actuals	Timing of Entry
Undergraduate Tuition	Actuals	Monthly with one-month lag ¹
Graduate Tuition	Actuals	Monthly with one-month lag ¹
General State Appropriations	Actuals	Monthly with one-month lag
Direct State Appropriations	Actuals	Monthly with one-month lag
Program Fee	Actuals	Monthly with one-month lag
Support Unit Allocations	Budget	Monthly equal to 1/12 of budget
Legacy Model Adjustment	Budget	Monthly equal to 1/12 of budget
Participation Fee	Budget	Monthly equal to 1/12 of budget
Subvention	Budget	Monthly equal to 1/12 of budget
SIF	Budget	Monthly equal to 1/12 of budget

¹Fall entries begin in September / Spring entries begin in February

3. Question: What is the data source for model allocation journal entries?

Answer: See chart below:

Model Allocation	Primary Data Source	Secondary Data Sources
Undergraduate Tuition	PeopleSoft	Data Warehouse, OIRAA Metrics
Graduate Tuition	PeopleSoft	Data Warehouse
General State Appropriations	PeopleSoft	OIRAA Metrics
Direct State Appropriations	PeopleSoft	
Program Fee	PeopleSoft	
Support Unit Allocations	FY21 Budget Document	OIRAA Metrics
Legacy Model Adjustment	FY21 Budget Document	
Participation Fee	FY21 Budget Document	
Subvention	FY21 Budget Document	
SIF	FY21 Budget Document	

II. New Model Allocations

B. Model Allocation Entries FAQs (continued)

4. Question: Will my tuition allocation be based upon current year actuals?

Answer: Fall and Spring Tuition is allocated in three distinct buckets: UG - Resident, UG - Nonresident, and Graduate. See the specifics of each allocation below.

- UG - Resident: Current year actuals allocated 70% according to the College of Instruction and 30% according to the College of Record. Note that metrics used for allocating current year tuition are sourced from the most recently completed fiscal year at the time of budget development. (For example: FY19 OIRAA metrics will be used for FY21.)
- UG - Nonresident: Current year actuals allocated 70% according to the College of Instruction and 30% according to the College of Record. Note that metrics used for allocating current year tuition are sourced from the most recently completed fiscal year at the time of budget development. (For example: FY19 OIRAA metrics will be used for FY21.)
- Graduate: Current year actuals applied 100% based upon College of Record. Note that Graduate tuition is not allocated using OIRAA credit hour metrics.

5. Question: Will Data Warehouse reports be available for me to review tuition details?

Answer: Yes; summary level Data Warehouse reports will be available. These can be used to verify Graduate tuition amounts and the Undergraduate tuition pools. However, further calculation using OIRAA metrics will be needed to determine Undergraduate tuition allocations.

Note: Minor tuition variances between the Data Warehouse and General Ledger can sometimes occur. In such cases, the General Ledger amount will be used for allocation purposes until resolved.

6. Question: Since 100% of Graduate tuition is allocated to a single, primary College of Record, how should joint degree programs be handled? Should tuition be subsequently transferred between academic units?

Existing Programs: No, tuition should not be transferred between academic units. Since FY2021 subvention levels have been set assuming a certain graduate tuition allocation methodology (i.e. 100% to the college of record), subvention has already accounted for a single college receiving 100% of tuition for joint degree programs. If the college of record, which receives the graduate tuition allocation, subsequently transfers a portion of that tuition to another unit, the transferring unit's subvention level will not adjust to account for the tuition reduction. Similarly, the college that did not receive the original allocation has received a higher subvention level due to this methodology. If this unit subsequently received a portion of the tuition share, its subvention level would not be adjusted.

New Programs: Since new programs have not already been factored into original subvention levels, the budget model steering committee left it open for Deans who wanted to create new graduate programs to develop revenue sharing agreements (to be approved by the Provost). In such situations, the primary college of record would transfer funds to the supporting college(s) based on terms of a Memorandum of Understanding (MOU).

II. New Model Allocations

B. Model Allocation Entries FAQs (continued)

7. Question: How will the IDC revenue allocation work in the new model?

Budget:

- The unit generating the indirect cost will receive 100% of the IDC revenue.
- The legacy IDC revenue allocation has been budgeted at the unit level within "E" Funds in account 43000. The additional new model IDC revenue allocation has been budgeted within "A" Funds in account 71430. Note that the additional new model IDC revenue allocation has been budgeted within "A" Funds because this revenue is required in "A" Funds in order to offset the additional support unit allocation costs which are recorded to "A" funds.

Actuals:

- The unit generating the indirect cost will receive 100% of the IDC revenue.
- The same IDC revenue allocation process that existed under the legacy model will continue to exist in the new model. The only change is that the percentages that are allocated to each unit's FA% accounts will be increased to 100%.
- After receiving the actual IDC allocation within "E" Funds, units will need to transfer (i.e. 86100 / 81100) the "additional" IDC from "E" to "A". The total amount of the transfer needed is equal to the "A" fund budget amount in account 71430.

Note: In Year 1, the additional IDC revenue is not "new" money for each college, as support unit budgets are not decreased as a result of the new model. Rather, the benefit of the new IDC revenue allocation methodology comes in future years as all growth in IDC revenue is allocated directly to the unit generating the IDC, rather than being split with central research/facilities pools.

II. New Model Allocations

B. Model Allocation Entries FAQs (continued)

8. Question: Which funds will be impacted by 71XXX entries?

Answer: All 71XXX model allocations (budget and actual) will be recorded to "A" funds. Model allocations will replace each unit's base budget. Therefore, each of the allocations are needed in order to fill the gap left from the base budget removal.

9. Question: Which of my departments will be impacted by 71XXX entries?

Answer: All 71XXX model allocations (budget and actual) will be recorded to each unit's main A fund department, which is likely the department to which carryforward is currently booked.

10. Question: What is an example of a Budget and an Actual model allocation entry?

Example 1: See below for a budget and actual example entry for General State Appropriations - Instruction. Entry assumptions: budget allocation amount of \$1,000,000 and actual allocation of \$1,025,000 to the College of Arts & Sciences.

Budget Entry:	CL000 - 010000 - A0000 - 71491	(\$1,000,000)
	CL071 - 121000 - A0001 - 71491	\$1,000,000

Actual Journal Entry:	Dr. CL000 - 010000 - A0000 - 71491	\$1,025,000
	Cr. CL071 - 121000 - A0001 - 71491	(\$1,025,000)

Example 2: See below for a budget and actual example entry for Support Unit Cost Allocations. Entry assumptions: allocation amount of \$250,000 from the Information Technology Cost Pool to the College of Arts & Sciences. Budget entry represents full amount loaded in July. Journal entry represents July entry equal to 1/12 of approved budget.

Budget Entry:	CL014 - 651000 - A0001 - 71508	\$250,000
	CL071 - 121000 - A0001 - 71508	(\$250,000)

Actual Journal Entry:	Cr. CL014 - 651000 - A0001 - 71508	(\$20,833)
	Dr. CL071 - 121000 - A0001 - 71508	\$20,833

11. Question: Will I ever need to record budget or actual entries to model allocation (71XXX) accounts?

Answer: No, model allocation (71XXX) accounts must net to zero across the Columbia campus. Therefore, the budget office will make all budget and actual model allocation entries. Journal entries will be recorded monthly by the budget office. Budget amounts will be loaded in July with the beginning budget.

III. Unit Budgeting Guide FAQ

1. Question: Since the legacy base budget allocation model is removed, will budgeted 3XXXX accounts still be used? How can I transfer budget between my departments and/or to another unit?

Answer: Yes, budgeted 3XXXX's will still exist in the new budget model. Some of the rules related to 3XXXX's (budget allocations) will change, while some will remain consistent with the legacy model. See the summary below of how 3XXXX's will be used in the new model.

- 36400 / 36500: One-time departmental budget transfers within an Operating Unit will still use accounts 36400 & 36500. No changes will occur for this process.
- 363XX / 368XX: One-time budget transfers between Operating Units will still use the 363XX & 368XX account sequence. No changes will occur for this process.
- 37400 / 37500: Permanent departmental budget transfers within an Operating Unit will still use accounts 37400 & 37500. No changes will occur for this process.
- 373XX / 378XX: Permanent budget transfers between Operating Units will become much more irregular in the new budget model. Funding transfers that were previously received using the 373XX & 378XX account sequence, will largely be replaced with 7XXXX model allocations (e.g. general state appropriations, Strategic Initiative Funding (SIF), etc.). However, on the irregular occasion that a permanent adjustment between units is required during a fiscal year, it will be recorded using the 373XX / 378XX account sequence and then adjusted for during the subsequent budget development cycle.
- 31900: Although the base budget will be removed, the 31900 account will continue to be used. However, the rules and meaning of 31900 will change significantly. 31900 will now net to zero within each Operating Unit (rather than across all Columbia Operating Units as is the case under the legacy budget model).

Per the legacy model, 31900 represented each unit's permanent allocation of central "A" Fund tuition and appropriations. Although units were not able to record entries to 31900, units were able to make permanent departmental transfers (37400 / 37500), which then rolled into 31900 during the subsequent year's budget development cycle.

Within the new budget model, the central tuition and appropriation funding previously allocated using 31900, will now be allocated using model allocation (71XXX) accounts. Each allocation entry to 71XXX accounts will be recorded to each unit's main "A" fund department. Therefore, units will still need the ability to shift budget between departments on a permanent basis. Therefore, units will continue to use 37400 and 37500 to make these recurring adjustments. The only difference in the new model, is that there is no positive 31900 amount to pull the funding from. Therefore, a negative 31900 amount will be created in each unit's main department offsetting the departmental base budgets. The main department with a negative 31900 base will remain positive due to offsetting 71XXX new model allocations. Note that the 31900 account will net to zero within each operating unit. See chart below.

Accounts	Department A	Department B	Unit Total
31900	\$ (5,000,000)	\$ 5,000,000	\$ -
71XXX	\$ 9,000,000	\$ -	\$ 9,000,000
5XXXX	\$ (4,000,000)	\$ (5,000,000)	\$ (9,000,000)
Budget Total / Net	\$ -	\$ -	\$ -

III. Unit Budgeting Guide FAQ (continued)

2. Question: Do the same "A" Fund balancing rules apply under the new budget model?

Answer: Yes, the same rules apply with the addition of 71XXX accounts being included in the balancing equation (i.e. $3s + 4s + 8s + 7s = 5s + 6s$).

Note: Additionally, one new balancing rule under the new model, as outlined previously, is that the 31900 account will be required to net to zero within each unit.

3. Question: Where will my "A" Fund carryforward be booked under the new model?

Answer: No change to "A" fund carryforward accounts will occur in the new model. It will be recorded to each unit's main "A" fund department with a budget entry to account 31534.

4. Question: Explain budgets loaded to non-"A" funds. What balancing rules exist for these fund types? Can I record budget entries to non-"A" funds?

Answer:

- Budgets have been loaded to non-"A" funds using the web based budget system source detail.
- If budgets were not allocated from BUD000-%9999 during budget development, then they will be loaded at the unit (not department) level.
- Non-"A" unrestricted funds are allowed to be budgeted with a change to fund balance.
- Budget entries can be made to non-"A" unrestricted budgets; however, budgeted 3XXXX's will still only relate to "A" funds.
- Non-"A" unrestricted funds must balance at the unit (not department) level, but can include the 31000 (change in fund balance) account to balance.
- Budget entries can not be made to unit-level restricted funds. Note that grant fund budgets are managed at the project level.

5. Question: Will the budget model be "pushed down" to the departments?

Answer: The consultants who supported us in this project (Huron) and many other industry leaders recommend keeping the budget model at the college level unchanged for the first two years after implementation so that Deans can assess the new model impacts to the college and begin internal planning for possible deployment to the departmental level.

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IV. Financial Review

A. Budget Review in the New Model

Question: Can you explain how to "read" my "A" Funds budget in the new model?

See Finance Intranet (GL Summary) screen shot and explanation below:

GL Summary

HIDE NET ASSETS FILTER AND FUND LIKE 'A%' AND substr('000' || a.FP, -3,3) <= '012'

GL-Current [OPEN] as of 06/24/2020 18:14	Actual Open Balance	Life to Date Budget	Current Month Actual	Fiscal Year Actual	Life to Date Actual	Pre Enc.	Enc.
3 FUND BALANCE		500,000					
4 REVENUE		3,500,000	46,258	1,250,000	1,250,000		
5 DIRECT EXPENSE		15,500,000	17,932	9,500,000	9,500,000		47,175
59 INDIRECT EXPENSE							
6 CONTRA-EXPENSE							
7 MODEL ALLOCATIONS		11,500,000	1,500,000	8,850,000	8,850,000		
81 TRANSFER IN				8,000	8,000		
86 TRANSFER OUT				5,000	5,000		
CL0XX ACADEMIC UNIT		-	1,528,326	603,000	603,000	-	(47,175)

Under the new budget model, Model Allocations (71XXX) is a new account category included in each academic budget. The total budgeted Model Allocation (71XXX) amount is the net of revenue allocations, support unit allocations, and central funding model allocations (e.g. participation fee, subvention). Direct revenues, which include revenues streams such as summer tuition and program & course fees, will continue to be budgeted in 4XXXX accounts. No changes will take place to expense (5XXXX), contra-expense (6XXXX), or transfer (8XXXX) budgets. The 3XXXX's budget will continue to include "A" fund carryforward. Additionally, 3XXXX's will include any transfers to/from other operating units (e.g. Development transfers). "A" Fund budgets will continue to balance at the unit, department, and project (if applicable) levels.



IV. Financial Review

B. Actuals Review in the New Model

Question: Can you explain how to "read" my "A" Funds actuals in the new model?

See Finance Intranet (GL Summary) screen shot and explanation below:

GL Summary HIDE NET ASSETS FILTER AND FUND LIKE 'A%' AND substr('000' || a.FP, -3,3) <= '012'

GL-Current [OPEN] as of 06/24/2020 18:14	Actual Open Balance	Life to Date Budget	Current Month Actual	Fiscal Year Actual	Life to Date Actual	Pre Enc.	Enc.
3 FUND BALANCE		500,000					
4 REVENUE		3,500,000	46,258	1,250,000	1,250,000		
5 DIRECT EXPENSE		15,500,000	17,932	9,500,000	9,500,000		47,175
59 INDIRECT EXPENSE							
6 CONTRA-EXPENSE							
7 MODEL ALLOCATIONS		11,500,000	1,500,000	8,850,000	8,850,000		
81 TRANSFER IN				8,000	8,000		
86 TRANSFER OUT				5,000	5,000		
CL0XX ACADEMIC UNIT		-	1,528,326	603,000	603,000	-	(47,175)

Under the new budget model, Model Allocations (71XXX) is a new account category included in the calculation of each unit's margin (i.e. change in carryforward). The total actual Model Allocation (71XXX) amount is the net of revenue allocations, support unit allocations, and central funding model allocations (e.g. participation fee, subvention). Note that unlike legacy 3XXXX's, for which the budgeted amount served as budget and actuals, 71XXX's will have amounts in the budget and actuals ledgers. Therefore, only the actual 71XXX's amount is included in the ending carryforward calculation. No changes will take place to direct revenues (4XXXX), expenses (5XXXX), contra-expenses (6XXXX), or transfers (8XXXX). Budgeted 3XXXX's will continue to be included in the ending "A" fund carryforward calculation. See the new model "A" funds carryforward calculation below:

Ending Carryforward (31534) = Beginning Carryforward +/- Budget Transfers (e.g. 363XX) + Actual Revenues (4XXXX) + Actual Model Allocations (71XXX) +/- Actual Net Transfers (8XXXX) - Actual Expenses (5XXXX) + Actual Contra-expenses (6XXXX)

Using the example above, ending carryforward is calculated as follows:
 $\$500,000 + \$1,250,000 + \$8,850,000 + 8,000 - \$5,000 - \$9,500,000 = \$1,103,000$

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V. Timeline and Governance

A. Timeline

Preliminary Budget Development Calendar

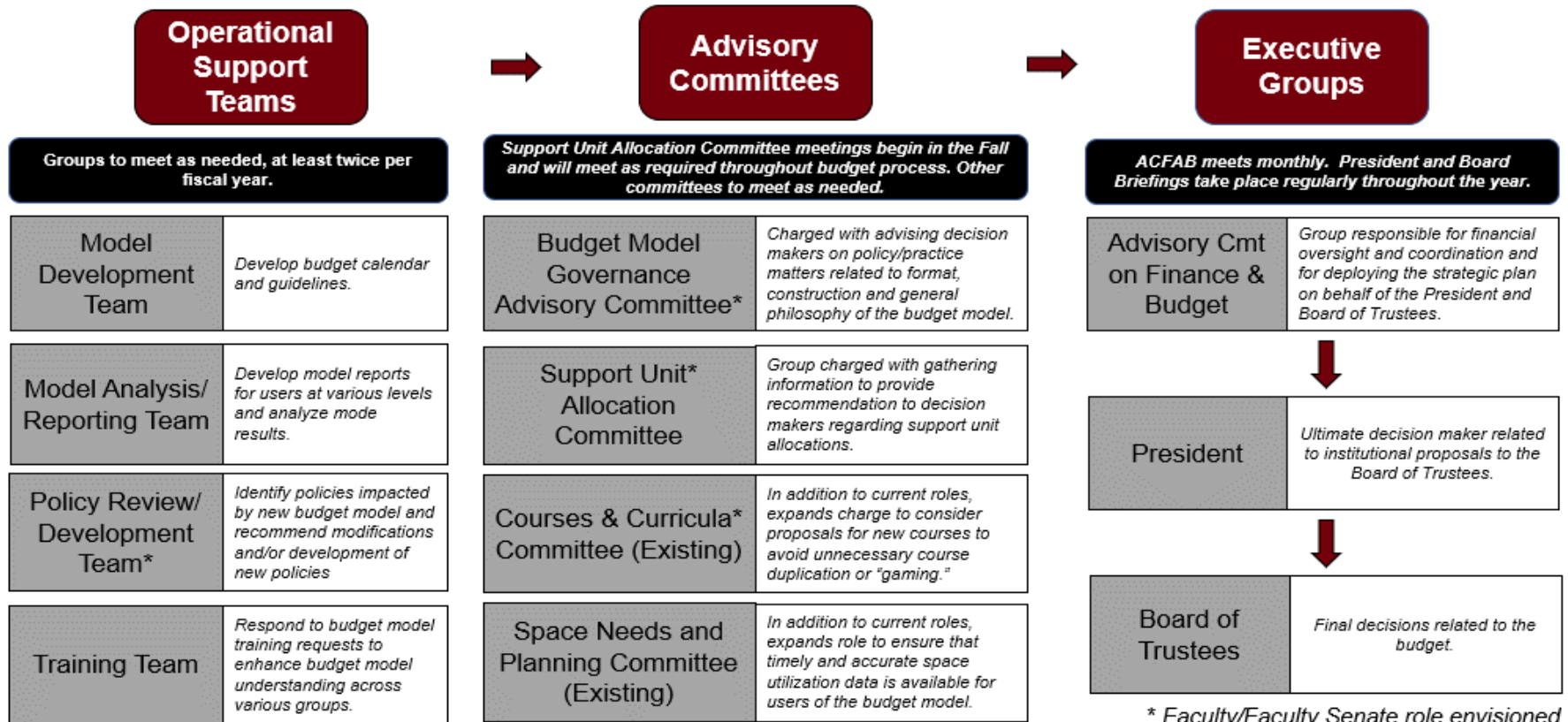
Budget Development Activity:	Month / Period
Support Unit Initiative Solicitation	September - October
Support Unit Allocation Committee review budgets; submits recommendations to the Advisory Cmt on Finance & Budget (ACFAB)	November - December
Advisory Cmt on Finance & Budget (ACFAB) reviews/approves support unit budgets	December – January
Central Budget Office forecasts general revenues (e.g. tuition, appropriations) and expenses (e.g. benefits) for budget development guidelines	January
Academic units develop budgets based on latest analysis and central guidance	January
Conduct University budget hearings (i.e. blueprint meetings)	March
Academic subvention and strategic initiative funding recommendations made and communicated	April
University budget updated and preliminary drafted based on current tuition/appropriation projections and trends	April – May
Budget reviewed/adopted by Board of Trustees	May – June



V. Timeline and Governance

B. Governance

The new budget model governance structure is built to provide increased transparency and collaboration in decision making to engage multiple levels of the University. The operational support teams provide foundational work related to populating the model, reviewing and developing policy, and training. Their work informs advisory committees related to support unit costs, curricular decisions and space. Ultimately, advisory committees then make recommendations to executive groups such as the Advisory Committee on Finance & Budget (ACFAB) and ultimately the President and Board of Trustees. It is important to note that the governance structure is designed to include Deans, faculty and faculty senate as integral voices in the process. See the graphic that follows:



* Faculty/Faculty Senate role envisioned

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VI. Definitions

Definitions:
<u>Academic Unit</u> – A college that has relatively strong ability to influence revenue. (Note: Honors College and University 101 are considered support units because their ability to generate revenue is “capped” in some measure by the academic units.)
<u>Auxiliary Unit</u> – A self-supporting unit that already pays overhead fees (e.g. Housing, Health, Athletics, Parking).
<u>Support Unit</u> – An administrative unit that provides services to academic and other units.
<u>Pass-Through Unit</u> – Unit whose funding is received from the state and internally generated revenue. The University is largely a fiduciary. (Small Business Development Center is the only Pass-through unit)
<u>Cost Pools</u> – Combinations of support units with similar activities
<u>Allocation Metrics</u> – A driver that is used to allocate costs and revenues to academic units (e.g. square footage, FTE, headcount, direct expenses, etc.)
<u>Support Unit Allocations</u> – Distribution of cost pools to academic units, based on an allocation metric
<u>Participation Fee</u> – A tax, sourced by applying a specific rate against a select group of revenues. Only academic units pay the participation fee. The participation fee is the source for subvention and strategic initiative funding.
<u>Net Contributor</u> – A college whose revenue fully support their own costs and generates positive margin.
<u>Net Consumer</u> – A college whose revenue does not fully support their own costs and generates a negative margin that requires subvention.
<u>Subvention</u> – A central funding mechanism, sourced from the participation fee, that covers negative margins in colleges that are net consumers. Reasons for subvention can include unique pedagogy, accreditation requirements and market conditions. Subvention decisions are typically heavily influenced by the Provost.
<u>Strategic Initiative Funding (SIF)</u> – Remaining funding sourced by the participation fee after subvention dollars are removed. SIF funding, like subvention funding, is typically heavily influenced by the Provost.
<u>Undergraduate Tuition Split – Resident</u> – 70% to college of instruction and 30% to the college of record. Based on credit hours.
<u>Undergraduate Tuition Split – Non-Resident</u> - 70% to college of instruction and 30% to the college of record. Based on credit hours.
<u>Graduate Tuition Split</u> – 100% to the college of record.
<u>State Appropriations Split</u> – 70% based on resident credit hours generated (college of record) and 30% based on proportionate share of contract and grants activity.
<u>Indirect Cost Recovery Split</u> – 100% to the generating unit.
<u>College of Instruction</u> – College teaching a course
<u>College of Record</u> – College sponsoring a student’s major.