**Revenue-Based Budgeting**

Revenue and Expense Allocation Methodology

Descriptions and Calculations updated for use in the FY 16 Model

### Revenues:

#### Algorithm 1 - Undergraduate Tuition Net of Aid, Other Revenue (Including State Appropriation)

Undergraduate tuition net of aid and other University-wide unrestricted revenue is distributed to the Colleges according to the following methodology:

1. **Step 1**
   - Set Aside $51,168,961 for Subvention, which is allocated to Colleges at the discretion of the Provost

2. **Step 2**
   - Strategic Initiatives Funding:
     - *Set aside a maximum of 10% of Total Alg 1 revenue to support Strategic Initiatives, University Reserves, and Capital Projects/Other*
     - *Determine growth in University-wide revenue (State Appropriation, Endowment & TII, Other Misc) over prior year budget and allocate to cover subvention increase over $50.0 million. Any additional funding is used to support additional Strategic Investment at the discretion of the Provost.*

3. **Step 3**
   - Alg 1(c)
     - Sponsored Activity Incentive: Distribution is calculated based on % of Total Sponsored Activity Expenses by College excluding sub-contracts (3-year weighted 3-1-1 for Research, Instruction, and Public Service).

4. **Step 4**
   - Balance of available revenue is distributed based on:
     - Alg 1(a)
       - 75% of it is distributed based on ICOR Credits & UG Students Taking Grad Credits
       - The distribution is calculated based on % of Total Undergraduate Credits by Instructor College of Record (as defined by College that is responsible for the instructor's expenses) and Total Graduate Credits taken by Undergraduate Students.
     - Alg 1(b)
       - 25% of it is distributed based on the student's Home College
       - The distribution is calculated based on % of Total Undergraduate FTEs by the College where the student is registered.

5. **Step 5**
   - Winter 16
     - Undergraduate winter session tuition revenue in excess of budget (if applicable) is distributed manually by the Budget Office via the “annual-credit-growth” methodology.

#### Algorithm 2 - Graduate Tuition Revenue

Colleges get 100% of the graduate tuition revenue that is billed to the students based on the Home College. The Budget Office redistributes revenues to the Teaching College in the case where graduate students take courses outside of their Home College (Cross-College Adjustment).

#### Algorithm 3 - Indirect Cost Recovery Revenue

For every $1 of ICR revenue a unit generates:

- 0.5% is set aside for Unemployment
- 1.0% is set aside to support Environmental Health & Safety needs
- 2.5% is set aside to support Research Office needs
- 96.0% is kept by the Unit that owns the grant

#### Algorithm 4 - Other Basic Budget College-Generated Revenue

Colleges get 100% of the other revenue they generate

### State Restricted Revenue

State funding for each College provided for support of specific programs

### Expenses:

#### State Restricted Expense

Expenses funded by State Restricted Revenue

#### Algorithm 5 - Graduate Tuition Expense

Colleges pay 100% of the graduate tuition expenses that they incur; the source of funding for these expenses is defined by the College that processes the graduate payment forms

#### Allocated Expenses

- **Algorithm 7 - Research Office Expense (Including Share of Utilities, Facilities, and Capital Maintenance Costs)**
  - Operating expenses for the Research Office are allocated to the colleges based on % of Total Sponsored Activity Expenses by College excluding sub-contracts (3-year weighted 3-1-1 for Research, Instruction, and Public Service).

- **Algorithm 8 - Executive Units Expense (President, Provost and Executive Vice President) - (Including Share of Utilities, Facilities, and Capital Maintenance Costs)**
  - Operating expenses for the Executive units were merged with Non-Academic Support Expense (Algorithm 10).

  - Operating expenses for Academic Support units are distributed to the Colleges according to the following methodology:

  - Operating expenses for Non-Academic Support units (including executive units) are distributed to the Colleges according to the following methodology:

#### College Specific Expense

Revenues, net of allocated and graduate tuition expenses, designated for Colleges to use to support operations