

SELF SUPPORT DEPARTMENTS GUIDE SHEET

What does it mean that I have a self support department? A self support department is funded solely on self generated revenues and does not receive any state appropriations. All expenses incurred by the department must be covered by the revenue generated in that Fiscal Year.

What if I don't spend all of my revenue in the Fiscal Year that it was generated? Remaining balances at the end of the Fiscal Year are rolled into the department's fund balance. They are not automatically made available with the next Fiscal Year.

Where does the budget for a self support department come from? Each spring, the University Budget Office begins work with the Divisional Budget Officers (DBO's) on the next Fiscal Year's budget. Guide sheets are sent out to each DBO who then works with their departments to determine how next fiscal year's budget should be set up. Each department should establish their budget based on expected revenues and anticipated expenses.

What is a Fund? A fund is a four-digit PeopleSoft code used to track cash balances; essentially a balance sheet. The fund allows Self Support departments to track cumulative cash balances, or the cash balance from the inception of the department. There are many Self Support, Auxiliary, and Agency departments that have a one-to-one relationship with fund and department. There can also be multiple departments that roll up to one fund. At the end of each Fiscal Year, departments that are not State Support have their ending balance (revenue minus expenses) 'moved' to their Fund Balance.

What is the Fund Balance Requirement? Self Support departments must contribute 1% of new revenue to the University's Fund Balance as required by the University System of Maryland (USM). The University Budget Office is responsible for ensuring that Towson University meets this requirement, and therefore works in conjunction with Financial Services to collect the 1% requirement on a monthly basis. This is recorded in PeopleSoft account 499919.

Can I spend my fund balance? The prior year revenue generated is held in the department's fund balance and is available to use, but only with PRIOR approval from the Divisional Budget Officer, the University Budget Office, and the Chief Fiscal Officer. The request should be submitted using the Self Support Budget Amendment Form located on the University Budget Office Website:
<http://www.towson.edu/budgetoffice/peoplesoft.html> - click on Self Support Budget Amendment Form.

Why do I need prior approval to spend the revenue collected in the fund balance? Towson is required by USM to contribute a specific amount to its own fund balance. If the use of prior year fund balances from individual departments exceeds the current year required contribution, the University will not meet the requirements (a part of the President's evaluation).

Can I change my current budget if needed? Yes. If you find that the department is not going to meet the current revenue/expense expectation, or will exceed the original expectation, your plan can be, and should be, changed. The University Budget Office reports externally the total expected revenues and expenses. If the University exceeds the total expenses reported, the State will cease paying our bills. Additionally, the more accurate the projections are, the less likely the University will be questioned about the increased revenue and expenses during audits.

How do I change my spending plan? If a department needs to revise the current revenue and expense plan, they can fill out the Self Support Budget Amendment Form located on the University Budget Office Website: <http://www.towson.edu/budgetoffice/peoplesoft.html> and click on E and G Self Support Budget Amendment Form. This form does require the approvals previously mentioned.

What expenses am I expected to cover? Self Support departments are expected to generate enough revenue to cover **all** of their expenses, including, but not limited to, salary, fringe benefits and tuition waivers, and IDCs.

What is an IDC? Self Support departments are assessed an Indirect Cost based on actual revenues. Indirect Cost (IDC) was introduced in FY 2003, at which time internal auditing determined a 9.78% IDC rate. A gradual increase over the current rate will be applied over the years to all non-state account base budgets. The IDC for FY11 will show an increase to 6.5%. The purpose of the IDC is to recover the cost of providing services to self-support and auxiliary areas that are not direct-billed services (e.g., payroll process, procurement and other administrative support functions). These assessments generate a revenue stream that supplements State Support functions of the University. It is important to remember to budget the IDC in your department's spending plan. This is recorded in PeopleSoft account 699999.

Can I transfer revenue from my Self Support department to another department? Yes. If a self support department chooses to transfer funds to another department to support an activity or expense, revenue can be transferred. These transfers should NOT be processed using the Enter Budget Transfers feature within PeopleSoft. If you wish to transfer revenue, and spending authority to another department, fill out the Transfer of Revenue Request Form found on the University Budget Office Website: <http://www.towson.edu/budgetoffice/peoplesoft.html> and click on Transfer of Revenue Request Form.

When do I use the Transfer of Revenue Request Form? The form should be used when transferring between departments that have two DIFFERENT FUNDS.

When do I use PeopleSoft's Enter Budget Transfers application? When spending authority needs to be adjusted within a department, or when the departments have the same PeopleSoft Fund. Note: Many self support departments have a one to one relationship between Fund and Department, but there are some that have multiple departments that 'map' to the same Fund – meaning they 'share' a Fund Balance. If you are unsure which option to use, contact the University Budget Office at UBO@towson.edu for guidance. For more information on how to process budget transfers in PeopleSoft, see the University Budget Office website <http://www.towson.edu/budgetoffice/peoplesoft.html> and view the PeopleSoft Budgeting and Chart of Accounts book that contains step by step directions.

What is the Mid Year Review? There is a review of all Self Support departments conducted in the middle of the Fiscal Year to ensure that departments are still on target with their current plan.