**SELF SUPPORT COST CENTERS GUIDE SHEET**

**What does it mean that I have a self support cost center?** A self support cost center is funded solely on self-generated revenues and does not receive any state appropriation. All expenses incurred by the cost center 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 cost center’s fund balance. They are not automatically made available with the next Fiscal Year.

**Where does the budget for a self support cost center come from?** Each fall, 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 cost centers to determine how next fiscal year’s budget should be set up. Each cost center should establish their budget based on expected revenues and anticipated expenses.

**What is a source?** A source is a four-digit STRATUS code used to track cash balances, essentially a balance sheet. The source allows Self Support cost centers to track cumulative cash balances, or the cash balance from the inception of the cost center. There are many Self Support, Auxiliary, and Agency cost centers that have a one‐to‐one relationship with source and cost center. There can also be multiple cost centers that roll up to one source. At the end of each Fiscal Year, cost centers, 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 cost centers 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 STRATUS account 499919.

**Can I spend my fund balance?** The prior year revenue generated is held in the cost center’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: budgetoffice/Stratus.html - click on E and G Self Support Budget Amendment Form.

**Why do I need prior approval to spend the revenue collected in the source 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 cost centers 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 cost center 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 cost center 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: budgetoffice/Stratus.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 cost centers 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 cost centers 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 current IDC is 8.5%. 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 cost center’s spending plan. This is recorded in STRATUS account 699999.

**Can I transfer revenue from my Self Support cost center to another cost center?** Yes. If a self-support cost center chooses to transfer funds to another cost center to support an activity or expense, revenue can be transferred. These transfers should NOT be processed using the Budget Transfer file for Stratus. If you wish to transfer revenue, and spending authority to another cost center, fill out the [Transfer of Revenue Request](TRANSFER%20REVENUE%20REQUEST%20FORM.xlsx) found on the University Budget Office Website.

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

**When do I use the Stratus Budget Transfers Spreadsheet?** When spending authority needs to be adjusted within a cost center, or when the cost centers have the same Stratus Source. Note: Many self support cost centers have a one to one relationship between Source and cost center, but there are some that have multiple cost centers that ‘map’ to the same source – meaning they ‘share’ a Fund Balance. If you are unsure which option to use, contact the University Budget Office at [UBO@towson.edu](mailto:UBO@towson.edu) for guidance. For more information on how to process budget transfers in Stratus, see the University Budget Office website and view the [Stratus Budget Transfers Spreadsheet](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.towson.edu%2Fbudgetoffice%2Fdocuments%2Fstratus-financials-budgettransfersreview-budgettransferspreadsheet.xlsx&wdOrigin=BROWSELINK), then contact the University Budget Office at UBO@towson.edu.