

Glossary of Terms

Academic Support – Support services for the University's primary mission – instruction, research and public services; includes primarily academic administration.

Academic Unit – Credit hour producing entity. Under the Strategic Budget Initiative, this group includes the 12 separately standing colleges or schools. *See Revenue Unit.*

Account – Detail classification of expenditure type.

Accrual – An accounting measurement method that ignores whether cash has been received or paid. This method considers revenues earned, but not collected in cash, and expenses incurred, whether paid in cash or due to be paid.

Allocation Variable – Variable used as a proxy to allocate expenses or revenues. Examples of allocation variables include credit hours, direct expenses, and square footage.

Appropriations Act – Contains the fiscal authorization by the Legislature, based upon legislative budgets or based upon legislative findings of the necessity for an authorization when no legislative budget is filed, for the expenditure of amounts of money by an agency, the judicial branch, and the legislative branch for stated purposes in the performance of the functions it is authorized by law to perform.

Auxiliary Enterprises – Revenues and costs of self-supporting enterprises that furnish services to students, faculty and staff on campus. Examples include student housing, campus transit, bookstores. *See Revenue Unit.*

Budget Cycle – The series of scheduled events that must occur to develop a budget for a single fiscal year.

Capital Assets – Physical resources with a cost (or fair market value, if donated) exceeding the established \$5,000 threshold that are expected to provide service for more than a single year. Unless the resources are expected to maintain or increase their value over time, the cost of the assets is allocated to the benefiting periods through amortization or depreciations. Examples of capital assets include land, buildings, equipment, and leasehold improvements.

Capital Budgeting – The process used to develop and monitor resources and investments related to large-dollar projects undertaken either to acquire or to construct capital assets such as buildings.

Carryover – The ability to use unspent budget resources from one fiscal period in a subsequent fiscal period.

Central Unit – Units which have limited ability to generate revenue through credit hour production or other means. These units generally enable Revenue units to generate revenue by providing core services. Leaders within these units are primarily held accountable for managing expenses and providing optimal service levels.

Contracts and Grants – A budget entity which contains activities in support of research, public service, and training. These activities are funded with awards from federal, state, local and private sources.

Current funds – Resources of the institution expended for primary and supporting missions of the institution used for generally operating purposes and expended in the near term.

Debt Service – Principal and interest payments on bonds.

Deferred Maintenance – The cumulative value of scheduled or routine maintenance and repairs for facilities that an organization chooses not to undertake when originally scheduled (typically due to financial considerations).

Direct costs – Costs that can be identified specifically with a particular project or activity.

Educational and General (E&G) – Unrestricted current funds used for the educational mission of the University and general operations.

Endowment – A gift carrying a stipulation that the principal being invested in perpetuity, with the investment income generated by the gift being available for program support or other purposes. Income from restricted endowments support specific programs identified by the donor, while income from unrestricted endowments may be used for any institutional purpose. *True endowments* are gifts of principal that may never be expended. *Term endowments* require that the principal be maintained and invested until the passage of a specified time or the occurrence of a specific event. *Quasi-endowments* are resources set aside by an institution's governing board and combined with true and term endowments for investment purposes, with only the investment income available for use. Unlike true or term endowment principal, the principal of quasi-endowments can be expended at the discretion of the governing board.

Endowment income – Revenue earned by investing endowment principal, typically in stocks,

Glossary of Terms

bonds, and other investments. The revenue consists of dividends, interest, rents, and realized and unrealized gains from the sale of stocks, bonds, or other investments.

Federal Appropriations - Appropriations received from the Federal Government used primarily by Agricultural Experiment Stations and Cooperative Extension.

Fiscal Year – the period of time beginning October 1 and ending on the following September 30, both dates inclusive.

FOAP – the naming convention for accounts in the new Banner financial system (F-fund, O-organization, A-account, P-program) See *organization*.

Fringe Benefits – Expenses directly associated with employment such as health insurance, social security and retirement benefits. When projecting these costs it is generally most appropriate to apply a combined rate for fringe benefits and other costs related to compensation. See *Fringe Pool and Fringe Rate*.

Fringe Pool - A type of indirect cost pool that commonly is established for the purpose of accumulating employee fringe benefit costs. Common costs accumulated in such pools include those for compensated absences, health insurance, bonuses, retirement plans, and payroll taxes. See *Fringe Benefits and Fringe Rate*.

Fringe Rate - An indirect cost rate which expresses the relationship between costs accumulated in a fringe pool and the related base for allocating such costs, for a given period of time. See *Fringe Benefits and Fringe Pool*.

Functional Classification – A method of categorizing expenses based on their purpose rather than on the nature of the expense. These include instruction, research, public service, library, academic support, operations & maintenance, student services, scholarships, and institutional support.

Indirect Costs – Costs that are incurred for multiple purposes and, therefore, cannot be linked specifically to a particular project or activity.

Infrastructure – The foundational assets and resources needed to operate a college or university. Some assets are tangible (for example, roadways, steam tunnels, and computer system cables), while others are intangible (for example, systems, policies, and procedures).

Institutional Support – Costs of financial operations, executive management, and personnel services.

Instruction – Expenses for academic, occupational and vocational instruction for all semesters, and continuing education.

Interdepartmental Credit – Charges for services performed between University departments.

Mandatory Transfers – Transfers required by a legal covenant for the payment of principal and interest on Bonded Debt and loan fund matching.

Mission Enhancement Fund (MEF) – A pool of resources derived by applying a participation rate on certain revenues in the academic units. This fund will be used to help support colleges or schools with calculated deficits under the model. In addition, it will be used to invest funding for strategic priorities.

Natural Classification – A method of categorizing expenses by the type of expense rather than the purpose for which the expense is incurred. Examples of natural expense categories include salaries, benefits, supplies, and travel.

Non-Mandatory Transfers – Voluntary transfers not required by a legal covenant between fund groups.

Operating Budget – The quantitative manifestation of an organization's (or one of its subunits') planned revenues, expenses, and contributions and withdrawals from reserves. Operating budgets usually are supported by narrative documents identifying goals, objectives, and priorities and, in some cases, performance standards related to the various activities and programs to be undertaken by the unit covered by the budget. Details the University's planned use of the funds and position which have been appropriated or approved for the expenditure during a fiscal year.

Operation and Maintenance of Plant – Buildings and grounds maintenance, utilities and general services.

Organization (Org) – An element of the naming convention for accounts. The org represents an academic or administrative department. See *FOAP*.

Position – An employment slot that bears a title, funding, FTE, salary grade, and job description. *Hourly* positions are paid wages on a bi-weekly basis and are generally FLSA non-exempt. *Monthly* positions are paid at each month's end

Glossary of Terms

and are generally FLSA exempt. *Pool* positions contain funding for temporary employees who are not identified individually.

Position Number – A six-digit code identifying the budgeted salary rate and FTE for a fiscal year.

Public Service – Costs associated with non-instructional services beneficial to individuals and groups external to the institution.

Reallocation – A process in which managers of programs and activities must identify a small portion of existing resources that will be redistributed in accordance with established priorities.

Research – Costs associated with activities specifically organized to produce research outcomes.

Reserves – Funds set aside as savings in accordance with organizational plans. Reserves might be created for facilities maintenance and renewal, to meet unanticipated operating costs, or to be invested as quasi-endowment.

Responsibility Center Management (RCM) – A method of budgeting that aligns the revenues with the activities or units producing those revenues. In addition, the administrative costs are also allocated to the revenue producers.

Restricted Funds – Funds primarily from gifts, grants and contracts that are designated for restricted uses, predominantly research and student scholarship aid; also includes some University generated funds restricted to specific areas. Received from local, state, federal, and private sources and used only as specified by the donor.

Revenue Unit – Units which have substantial ability to influence revenue generation through credit hour production or other means. These units generally provide instruction (e.g. schools and colleges) or are auxiliary units with revenue generating capabilities (e.g. Intercollegiate Athletics).

Service Center (SC) – An organizational unit with the ability to generate revenues by direct action.

Scholarships and Fellowships – Expenditures for scholarships and fellowships in the form of outright grants to students selected by the institution and financed in the form of current funds, restricted and unrestricted.

Sponsored program – An agreement between an institution and an external entity (such as a federal agency, corporation, or foundation) under which the institution undertakes an activity with financial support from the external entity. The agreement specifies what will be accomplished and identifies the amounts and types of costs that will be reimbursed.

State Appropriations – Annual legislative allotment from the state's general revenue fund. The operating budget portion must be spent during the fiscal year for which it is appropriated while the capital budget portion may be spent over several years.

Student Fees – Revenues collected from students for registration in courses.

Student Services – Activities that support the student experience. Includes Enrollment Management, Freshman Year Experience, SGA, Student Life, etc.

Tuition Discounting – The practice of using institutional resources to award financial aid, thereby lowering the cost of attendance for selected students. Although the aid can address demonstrated financial need, it frequently is awarded on a merit basis.

Unrestricted Funds – Current funds derived from state appropriations, student fees, institutional revenue and auxiliary operations. Monetary resources that are not subject to specific external guidelines or regulations and are expendable for any activities that promote the instruction, research, and extension missions of the University.