



BUDGET MODEL USER GUIDE

ACADEMIC UNITS

Updated FY2026

University of South Carolina
Budget Model User Guide
Academic Units

I. Budget Model Overview

A. Introduction

The University of South Carolina Columbia introduced a redesigned budget model in FY2021 and implemented an updated version in FY2026. This data-driven framework for resource allocation is designed to foster entrepreneurial initiative, enhance operational efficiency, and improve transparency. While the model does not create or eliminate resources, it increases clarity and provides deeper insight into the University's internal economy. Under this approach, college-level budgets can grow, shrink, or remain stable based on unit activity, institutional priorities, and external influences.

B. Unit Categorization

Under the budget model methodology, each Columbia operating unit is categorized into one of four groups based on its capacity to drive revenue-generating activities. Primary units, including academic and auxiliary units, have the ability to influence revenue generation directly. In contrast, central support units have limited or no capacity to impact revenue.

Unit Categories	Units Included
Auxiliaries	Athletics, Housing, Parking, Student Health
Academic Units	All areas with Academic 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 includes areas such as HR, Finance, Facilities, IT, and others—units are further organized into cost pools based on the similarity of their activities. Each cost pool is assigned an allocation metric that serves as a proxy for the costs associated with the services provided by the support units in that pool. These expense allocations are applied exclusively to academic units. Refer to the chart below for details on the support unit cost pools and their corresponding allocation metrics.

Cost Pool	Support Units Included	Allocation Metrics
University Services & Operations	University Technology Services (DoIT), Financial Systems, General Fund, Admin & Finance, Law Enforcement, Business Affairs, Development, Communications, External Affairs, Postal Services	Total Direct Expenses
Facilities	Facility Services, Facilities Projects, Utilities	Net Assignable Square Footage
Student Services & Undergraduate Affairs	Honors College, Palmetto College, Enrollment Mgmt, Scholarships, Student Affairs, University 101, Health Services	UG Student FTE
Academic Affairs	Provost, Graduate School, University Press, OIRAA, Faculty Senate, International Programs, Evening/Weekend, Distributed Learning, Libraries, Koger Center	Student FTE + Faculty FTE
Research	Office of Research/Research Administration	Contract & Grant Revenue
Executive Affairs	President, Civil Rights & Title IX, Legal, Economic Engagement, Board of Trustees, System Affairs, Audit, Org. Excellence	Total FTE (Student + Employee)
Employee Services	HR, Finance, Staff Senate	Total Employee FTE

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C. Model Methodology & Decision Points

A key feature of the budget model is the removal of the traditional static base budget (i.e., 31900). For academic units, this has been replaced by a dynamic framework combining revenue allocations, support unit cost allocations, and central funding model allocations. The primary revenue streams allocated within the model include undergraduate tuition, graduate tuition, state appropriations, and indirect cost recovery (IDC) revenue. These revenues are balanced against the indirect expenses incurred from support unit cost allocations.

Additionally, model allocations are employed to reserve funding for academic initiatives and to enable a "rebalancing" mechanism. This process redistributes resources from units capable of making contributions to those requiring additional support. See the summary below for an overview of model allocation decisions and other significant model decision points.

Decision Point	Model Treatment	Updated in FY2026?
Model Application	Applies to USC Columbia (not including SOMs), however, other system institutions are included in reporting to allow for reconciliation to financial statements.	N
Revenue Timing	Undergraduate tuition, graduate tuition, and general state appropriations are allocated based on actual revenue from the prior fiscal year. For example, the FY26 budget is determined using the actual tuition revenue generated in FY25.	Y
Allocation Metric Timing	The metrics used to allocate funds are based on a two-year average (PY2/PY3). For example, the FY26 budget allocates actual UG tuition revenue from FY25 using an average of FY23 and FY24 metrics.	Y
Undergraduate Tuition – Resident	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)	N
Undergraduate Tuition – Non-Resident	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)	N
Graduate Tuition	70% to academic unit based on College of Instruction 30% to academic unit based on College of Record	Y
General State Appropriations	70% to academic unit based on share of enrolled <u>resident</u> credit hours (i.e. College of Record) 30% to academic unit based on share of grants and contracts revenue	N
Direct State Appropriations	100% to the appropriation recipient based on actual revenue from the current fiscal year.	N
Honors Multiplier	To account for the class-size disparity between honors and non-honors courses, a 75% multiplier will be applied to "H" section credit hours.	Y

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C. Model Methodology & Decision Points (continued)

Decision Point	Model Treatment	Updated in FY2026?
Indirect Cost Recovery (IDC) Revenue	Allocated 100% to units generating IDC	N
Support Unit Allocations/Cost Pools	Grouped all support units into 7 cost 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"	Y
Participation Fee	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 generates a source of funds for subvention and strategic initiative funding. The current Participation Fee rate is 16.8%.	N
Fixed-Amount Participation Fee	Academic units with the largest net margin after accounting for support unit allocations and the 16.8% participation fee may be required to pay an additional fixed-amount participation fee. This fee generates the additional funding needed for academic subvention and strategic initiatives.	Y
Subvention	The concept of subvention acknowledges that not all colleges will have sufficient resources to cover their costs due to discipline-specific factors such as pedagogy, accreditation requirements, space and equipment needs, and more. In recognition of the mission and strategic importance of offering a broad range of academic programs and services, subvention facilitates a "rebalancing" among colleges by redistributing resources from those able to contribute to those in need of additional support. The funding for subvention comes from the participation fee.	N
Strategic Initiative Funding (SIF)	Strategic Initiative Funding (SIF) is the funding generated from the participation fee after subvention is allocated. It is distributed to support the University's academic priorities and mission.	N
Research Funding Pool	A portion of the Participation Fee collected from IDC is allocated to support centrally managed research investments. The current rate is 8%.	Y
Carryforward	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.	N

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II. Model Allocations

A. Account Codes

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

Account Category	Unrestricted	Restricted	Model Accounts²	Total
Direct Tuition	5,000,000	0		5,000,000
UG Tuition - Resident	45,000,000	0	71401	45,000,000
UG Tuition - Non-Resident	30,000,000	0	71402	30,000,000
Graduate	3,500,000	0	71403	3,500,000
Total Tuition	83,500,000	0		83,500,000
Total Fees	3,000,000	0	71405	3,000,000
General State Appropriations	20,000,000	0	71491, 71492	20,000,000
Direct State Appropriations	0	0	71490, 71493	0
Indirect Cost Recovery (IDC)				
Revenue	3,000,000	0	71430	3,000,000
Grants, Contracts & Gifts	0	25,000,000		25,000,000
Sales, Services & Other	500,000	500,000		1,000,000
Total Revenue	110,000,000	25,500,000		135,500,000
Total Direct Expenses	(62,000,000)	(27,000,000)		(89,000,000)
Total Contrasts & Transfers	2,500,000	1,500,000		4,000,000
Margin Prior to Support Unit Allocations	50,500,000	0		50,500,000
Support Unit Allocations	(45,000,000)	0	715% ¹	(45,000,000)
Model Allocations:				
Participation Fee Payment	(15,000,000)	0	71830, 71831	(15,000,000)
Subvention	9,500,000	0	71810	9,500,000
Net Funding From / (To) Other				
Academic Units	(5,500,000)	0		(5,500,000)
Strategic Initiative Funding	0	0	7182%	0
Total Model Allocations	(5,500,000)	0		(5,500,000)
Margin (Change in Fund Balance)	0	0		0

¹Includes account codes 71500-71514 (one account code per cost pool)

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

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II. Model Allocations

B. Model Allocation Entries FAQs

1. Which of my departments will be impacted by 71XXX entries?

Most 71XXX model allocations (budget and actual) will be recorded to each unit's main "A" fund department.

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

No, model allocation (71XXX) accounts must net to zero across the Columbia campus. Therefore, the central budget office will make all budget and actual model allocation entries.

3. 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?

Most model allocation journal entries will be based upon the approved Budget. See the chart below.

Model Allocation	Journal Entry Source: Budget vs. Actuals	Timing of Entry
Undergraduate Tuition	Budget	Load 100% in July
Graduate Tuition	Budget	Load 100% in July
General State Appropriations	Budget	Load 100% in July
Direct State Appropriations	Budget	Load 100% in July
Program Fee (Law)	Actuals	Monthly with one-month lag
Support Unit Allocations	Budget	Load 100% in July
Participation Fee	Budget	Load 100% in July
Subvention	Budget	Load 100% in July
SIF	Budget	As Awarded

4. What is the data source for model allocation journal entries?

Most model allocation journal entries will be based upon the approved Budget. See the chart below.

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

II. Model Allocations

B. Model Allocation Entries FAQs

5. Will my tuition allocation be based upon current year actuals?

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 and UG - Nonresident tuition allocations are based on actual revenue from the prior fiscal year. For example, the FY26 budget is determined using the actual tuition revenue generated in FY25. The metrics used to allocate funds are based on a two-year average (PY2/PY3). Therefore, the FY26 budget allocates actual UG tuition revenue from FY25 using an average of FY23 and FY24 metrics.
- Graduate tuition allocations are based on actual revenue from the prior fiscal year. For example, the FY26 budget is determined using the actual tuition revenue generated in FY25. Note that, due to varying tuition rates, graduate tuition is not pooled and allocated using OIRAA credit hour metrics. Instead, tuition is split between the college of instruction (70%) and the college of record (30%) for each individual student/course.

6. Will Data Warehouse reports be available for me to review tuition details?

Yes, summary level Data Warehouse reports are 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.

7. Should Graduate tuition be shared between colleges?

In most instances, no. Since graduate tuition is split between the College of Record and the College of Instruction under the updated budget model, units generally should not share graduate revenue. However, in cases such as joint degree programs, alternative revenue-sharing agreements may be necessary and can be outlined through a Memorandum of Understanding (MOU).

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B. Model Allocation Entries FAQs

8. How does the IDC revenue allocation work in the updated model?

- The unit generating the indirect cost will receive 100% of the IDC revenue.
- **However, not 100% of this additional IDC revenue is "new" available funding**, as support unit budgets were not cut as a result of the budget model. Rather, the benefit of the IDC revenue allocation methodology for academic units comes in future years (FY2022 and after) as all growth in IDC revenue is allocated directly to the unit generating the IDC, rather than being split with central research/facilities pools.
- The amount of IDC revenue required to fund support unit allocations (i.e. the 62.5% that was originally allocated to F&A) was calculated at the time the 2021 budget model was implemented. This allocation is budgeted in "A" funds in account 71430 to offset the support unit costs which are recorded to "A" funds.
- 100% of the IDC budget will be budgeted in "E" funds in account 43000. The amount required to fund support unit allocations will be budgeted as a decrease to "E" funds in account 71430.
- After receiving the actual IDC revenue within "E" Funds, a journal entry should be entered to transfer the required IDC from "E" to "A" Funds. The total amount of the transfer should equal the 71430 Budget.

	A Funds	Other Unrestricted	Current Restricted	Current Funds
IDC Revenue - Model (71430)	3,964,615	(3,964,615)	-	-
IDC Revenue - Direct (43000)	-	7,980,847	-	7,980,847
Indirect Cost Recovery (IDC) Revenue	3,964,615	4,016,232	-	7,980,847

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III. Unit Budgeting Guide FAQ

1. 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?

Yes, budgeted 3XXXX's will still exist in the 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 updated model.

- 36400 / 36500: One-time departmental budget transfers within an Operating Unit will use accounts 36400 & 36500. No changes will occur for this process.
- 363XX / 368XX: One-time budget transfers between Operating Units will use the 363XX & 368XX account sequence. No changes will occur for this process.
- 37400 / 37500: Permanent departmental budget transfers within an Operating Unit will use accounts 37400 & 37500. No changes will occur for this process.
- 373XX / 378XX: Permanent budget transfers between Operating Units will become more irregular in the new budget model. Funding transfers that were previously received using the 373XX & 378XX account sequence, will largely be replaced with 71XXX model allocations (e.g. general state appropriations, Strategic Initiative Funding (SIF), etc.). However, when a permanent adjustment between units is required during a fiscal year, it will be recorded using the 373XX / 378XX account sequence.
- 31900: Although the base budget will be removed, the 31900 account will continue to be used. 31900 now nets to zero within each Operating Unit (rather than across all Columbia Operating Units as was 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 current 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.

Units will continue to use 37400 and 37500 to make these recurring adjustments. In the current model, 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 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. Do the legacy "A" Fund balancing rules apply under the current budget model?

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

3. Explain budgets loaded to non-"A" funds. What balancing rules exist for these fund types?

- Budgets are loaded to non-"A" funds using the budget as submitted in Anaplan during unit budget development.
- If budgets were not allocated from BUD000-%999 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 and balanced using account 31000.
- Budget entries can be made to non-"A" unrestricted budgets; however, budgeted 3XXXX's will still only relate to "A" funds.

4. Will the budget model be "pushed down" to the departments?

No, the budget model will not be "pushed down" to the departments by the central budget office. University funds are allocated at the unit level. College leadership may choose to adapt parts of the model at the department level.

5. If general state appropriations are allocated one year in arrears, how will mandates be funded?

Since general state appropriations are allocated one year in arrears, state funding for mandates will not be incorporated into the model during the year the mandate expense is incurred. Instead, mandate costs will be covered on a one-time basis in Year 1 through budget transfers. In the following budget cycle, the general state appropriations will flow to the academic units via the budget model, replacing the budget transfer and providing ongoing funding for the increased expense.

IV. Financial Review

A. Budget Review in the New Model

1. Can you explain how to "read" my "A" Funds budget in the updated model?

Under the updated budget model, Model Allocations (71XXX) is an 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 academic 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. "A" Fund budgets will continue to balance at the unit, department, and project (if applicable) levels.

B. Actuals Review in the New Model

1. Can you explain how to "read" my "A" Funds actuals in the updated model?

Under the updated budget model, Model Allocations (71XXX) is an 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.

2. What is the "A" funds carryforward calculation?

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

See the next page for screenshots.

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IV. Financial Review

Finance Intranet screenshot:

	Actual Open Balance	Life to Date Budget	Current Month Actual	Fiscal Year Actual	Life to Date Actual	Pre Enc.	Enc.
1 ASSET	113,064		87,803	87,803	200,867		
2 LIABILITY	89,935		(89,285)	(89,285)	650		
3 FUND BALANCE	23,129	151,363			23,129		
4 REVENUE		1,063,749	233,792	233,792	233,792		
5 DIRECT EXPENSE		11,600,039	306,387	306,387	306,387	3,646	16,136
59 INDIRECT EXPENSE		120,000					
6 CONTRA-EXPENSE		(48,000)					
7 MODEL ALLOCATIONS		10,132,296	195,378	195,378	195,378		
81 TRANSFER IN		424,631	55,805	55,805	55,805		
86 TRANSFER OUT		100,000	1,500	1,500	1,500		
A0001 UNRESTRICTED OPE	23,129		177,089	177,089	200,217	(3,646)	(16,136)
CL0XX ACADEMIC UNIT	23,129		177,089	177,089	200,217	(3,646)	(16,136)

Anaplan screenshot:

	PY YTD Actuals	PY Year End	CY Budget	CY YTD Actuals	% Budget to Actual	% Chg Actual	YTD Changes
Total Revenue	4,840,897	261,388,574	281,470,135	5,005,365	1.78%	3.40%	164,469
Subtotal Personnel	(2,577,827)	(128,241,770)	(120,414,108)	(2,307,699)	1.92%	(10.48%)	270,128
Subtotal Non-Personnel	(352,960)	(13,275,420)	(26,521,619)	(475,923)	1.79%	34.84%	(122,963)
Total Direct Expenses	(2,930,787)	(141,517,190)	(146,935,727)	(2,783,622)	1.89%	(5.02%)	147,165
Total Contrs & Transfers	(226,420)	(1,035,087)	1,334,272	114,862	8.61%	150.73%	341,282
Support Unit Allocations	(8,638,667)	(103,664,001)	(111,074,337)	(9,256,195)	8.33%	7.15%	(617,528)
Total Model Allocations	(1,233,799)	(17,789,368)	(24,794,343)	(1,610,106)	6.49%	(30.50%)	(376,307)
Margin (Change in Fund Balance)	(8,188,777)	(2,617,072)	-	(8,529,695)	-	(4.16%)	(340,918)

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V. Timeline and Governance

A. Timeline

General Budget Development Calendar

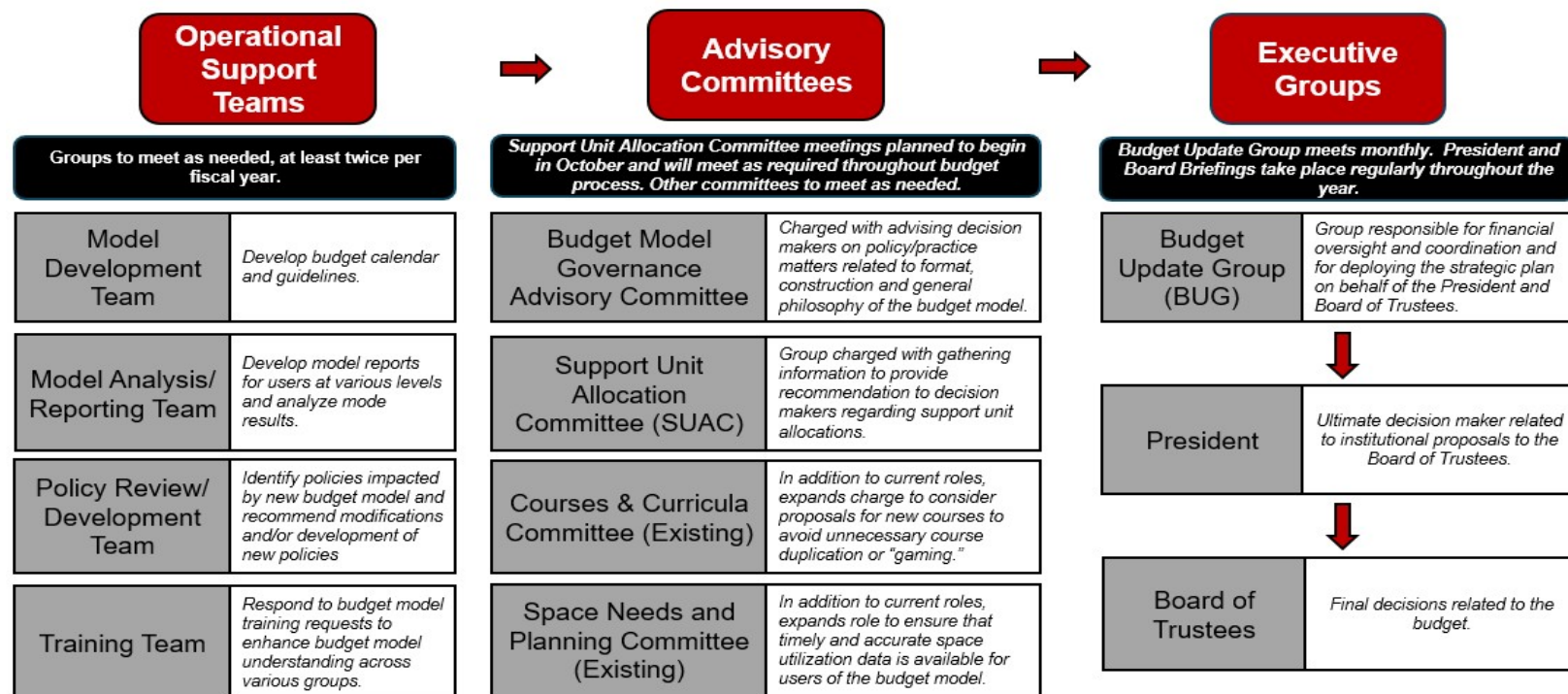
Budget Development Activity:	Month / Period
Support Unit Initiative Solicitation	September – October
Support Unit Allocation Committee reviews initiative requests and submits recommendations to the Budget Update Group (BUG)	November – December
The Budget Update Group (BUG) reviews initiative requests	January
Central Budget Office forecasts general revenues (e.g. tuition, appropriations) and expenses (e.g. benefits) for budget development guidelines. Columbia units develop budgets using the unit budget development tool in Anaplan	January – February
Conduct University budget hearings (i.e. Blueprint meetings)	March – April
Budget reviewed/adopted by Board of Trustees	May – June

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V. Timeline and Governance

B. Governance

The 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 Budget Update Group (BUG), the President, and the 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.



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VI. Definitions

Definitions:
<u>Allocation Metrics</u> – A driver that is used to allocate costs and revenues to academic units (e.g. square footage, FTE, direct expenses, etc.).
<u>College of Instruction</u> – College teaching a course.
<u>College of Record</u> – College sponsoring a student's major.
<u>Cost Pools</u> – Combinations of support units with similar activities.
<u>Support Unit Allocations</u> – Distribution of cost pools to academic units using an allocation metric.
<u>Net Consumer</u> – A college whose revenue does not fully support its costs and therefore budgets positive net model allocations (718%).
<u>Net Contributor</u> – A college whose revenue fully support its costs and therefore budgets negative net model allocations (718%).
<u>Participation Fee</u> – A tax on certain revenue streams which generates a source of funds for subvention and strategic initiative funding.
<u>Fixed Amount Participation Fee</u> – An additional participation fee sourced from academic units with the largest net margin which generates additional funding needed for academic subvention and strategic initiatives.
<u>Strategic Initiative Funding (SIF)</u> – Remaining funding sourced from the participation fee after subvention dollars are distributed.
<u>Research Funding Pool</u> – The portion of SIF collected from IDC that is allocated to support centrally managed research investments.
<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.