

IRM Essentials

Key Terms

For a complete list of key terms, [visit the IRM website](#).

ACADEMIC SUPPORT UNIT

Support services for the university’s primary mission — instruction, research and public services — that includes primarily academic administration.

ACADEMIC REVENUE UNIT

Credit hour producing entity. Under the Strategic Finance and Budget Initiative, this group includes the seven separately standing colleges or schools. *See Revenue Unit.*

ADMINISTRATIVE SUPPORT UNIT

Units that 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.

ALLOCATION DRIVER

Drivers are activities used as a proxy to allocate expenses or revenues. Examples of allocation drivers include credit hours, direct expenses and square footage.

AUXILIARY REVENUE UNIT

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

BUDGET CYCLE

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



DIRECT COSTS

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

FISCAL YEAR

The period of time beginning September 1 and ending the following August 31, both dates inclusive.

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.

REVENUE UNIT

Units that 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., Housing Services).

STRATEGIC INVESTMENT ALLOCATION

A portion of the participation fee is used to allocate to those revenue units with negative margin or calculated deficits to arrive at a zero margin.

STRATEGIC INVESTMENT FUND CONTRIBUTION

A fee charged to all revenue units based upon selected revenue categories. This fee provides funding for the Common Strategic Investment Fund.

COMMON STRATEGIC INVESTMENT FUND

A pool of resources derived by applying a participation rate on certain revenues in the academic revenue units and auxiliaries. This fund will be used to help support colleges or schools, as well as auxiliaries with calculated deficits under the model. Additionally, it will be used to invest funding for strategic priorities.



OPERATING BUDGET

The quantitative manifestation of an organization’s (or one of its sub-units’) 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. They detail the university’s planned use of funds and positions that have been appropriated or approved for expenditures during a fiscal year.

