RCM Operating Manual- Table of Contents
Effective July 1, 2015 (Last updated 1/25/16)

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1. General Information

1.1 Introduction

Welcome to the updated Responsibility Center Management (RCM) Operating Manual. This document provides information covering various aspects of budgeting and financial management at UNH. Specifically, the document provides information on:

- General information and history of RCM at UNH
- Financial governance and roles and responsibilities
- RCM allocation methodologies
- Policies on reserves, internal fees and new positions
- Reporting and projections
- Useful RCM tools

Any updates to this manual will be posted on the Web with links from the UNH Office of the VP for Finance and Administration site (VPFA Office). RC unit heads and BSC Directors will be notified when revisions are made to the manual.

We hope you find this manual informative and useful. Please contact our office with any questions or comments.

UNH Budget Office Directory:

Office phone: 862 – 2232
Office Fax: 862-4741
Website: [http://www.unh.edu/vpfa/rcm.html](http://www.unh.edu/vpfa/rcm.html)

Staff:
Kerry Scala, Associate Vice President for Finance & Planning
Phone: 862 - 1355
EMail: Kerry.Scala@unh.edu

Melanie DeZenzo, Finance Director
Phone: 862 – 2244
EMail: Melanie.DeZenzo@unh.edu

Ceyda Yalcinkaya, Sr. Financial Analyst
Phone: 862 - 0640
EMail: Ceyda.Yalcinkaya@unh.edu

Ying Wu, Finance & Budget Analyst
Phone: 862 - 5243
EMail: Ying.Wu@unh.edu

Jean Richard, Senior Admin Assistant
Phone: 862 - 2232
EMail: Jean.Richard@unh.edu

Jennifer Biron, Finance and Information Systems Analyst
Phone: 862 - 0828
EMail: Jennifer.Biron@unh.edu
1.2 UNH Mission and RCM Vision, Goals and Principles

UNH Mission Statement

The University of New Hampshire is the state’s public research university, providing comprehensive, high-quality undergraduate programs and graduate programs of distinction. Its primary purpose is learning: students collaborating with faculty in teaching, research, creative expression, and service. UNH has a national and international agenda and holds land-grant, sea-grant and space-grant charters. From its main campus in Durham, its college in Manchester, and the UNH School of Law in Concord, the University serves New Hampshire and the region through continuing education, cooperative extension, cultural outreach, economic development activities and applied research.

Vision of RCM

- Guided by clear strategic plans and priorities and strong academic governance mechanisms, the University community will remain inter-connected and unified, and all units will operate in furtherance of University goals.
- Each budgetary unit at UNH will have its own designated revenue stream.
- Each unit will be responsible for managing its full costs within the limits of its total resources.
- Each unit will benefit directly from its initiatives that increase revenue and/or operating efficiencies.
- The focus of financial management will be on all funds: education and general, internally designated, auxiliary, restricted, endowment, loan and plant funds.
- The University will maintain central strategic funds to support the University, reward excellence and uphold the Institution's mission.

Goals of RCM

- To enhance resource generation and management effectiveness by placing financial authority and accountability, and risk and rewards at the appropriate local level.
- To simplify budgetary procedures and decisions by reducing layers of institutional involvement.
- To improve the quality of budget forecasting and financial planning by requiring unit-level plans and monitoring performance against those plans.
- To free the time of institutional leaders from relatively immaterial financial decisions in order that they can focus on strategic financial issues.
- To clarify the financial condition of the University and its units by presenting financial data in clear, consistent, and transparent formats to a wide audience.
Principles of RCM

- Strong governance and planning mechanisms must be in place to ensure that the budget model is wisely used as a tool, and does not become an end in itself.
- The budget model should be as simple as possible to promote easy comprehension and efficient administration.
- The budget model should produce results that are widely perceived as fair and in keeping with the core values of the institution.
- The budget model should encourage behaviors on the part of faculty and staff that support the institution’s mission and priorities.
- The budget model should centralize only those activities where institutional consistency is imperative or where there are material economies of scale.
- The budget model should provide for formal input from users into the service levels and costs of central services.

1.3 History

On July 1, 2000, after three years of researching the feasibility of a decentralized budgeting structure, the University of New Hampshire implemented its own version of a decentralized budgeting system known as Responsibility Center Management (RCM).

RCM has been actively managed and monitored since its initial implementation. During its developmental phase and first year of operations, the RCM Steering Committee monitored the model and made necessary modifications. The responsibility for monitoring the RCM model was transferred to the Central Budget Committee (CBC) in FY02. In consultation with the CBC, the Vice President for Academic Affairs (VPAA) and Vice President for Finance and Administration (VPFA) have periodically reviewed the model and recommended modifications to the President as appropriate.

Discussions about RCM occur on an ongoing basis with various constituent groups including the Deans’ Council, Central Budget Committee, Budget and Financial Planning Group, Faculty Senate, Departmental Chairs, Student Fee Oversight Committee and any other unit or department that has questions or concerns about the RCM model.

RCM has undergone periodic reviews over the years:

- In Fiscal Year 2006, after the completion of the fifth year of RCM
- In 2009/2010
- In Fiscal Year 2015 (an abbreviated review)

See Section 2.4 for more information on the periodic RCM reviews.
1.4 Responsibility Center Units

The University of New Hampshire has been divided into multiple Responsibility Center Units. Each unit is responsible for its financial decisions and manages its revenues, expenditures and fund balances. This list does not necessarily reflect the formal organizational reporting structure, but rather is intended to define RC units and the areas within those units. The units and their subunits are subject to change. See Appendix A for a list of central administration operating programs and departments.

ACADEMIC UNITS

**College of Life Sciences and Agriculture**

*Major Programs/Centers/Institutes: Agricultural Experiment Station, Hubbard Center for Genome Studies, NH Vet Labs, Thompson School of Applied Sciences*

**College of Liberal Arts**

*Major Programs/Centers/Institutes: Center for the Humanities, Survey Center, Family Research Lab, Prevention Innovations Research Center, Crimes Against Children Research Center, and Museum of Art*

**College of Engineering and Physical Sciences**

**Paul College of Business and Economics**

*Major Programs/Centers/Institutes: Center for Social Innovation and Enterprise, Center for Family Business, Center for Venture Research, Enterprise Integration Research, Center Peter T. Paul Financial Policy Center, Rosenberg International Franchise Center, Sales Center of Excellence, Small Business Development Center*

**College of Health and Human Services**

*Major Programs/Centers/Institutes: Browne Center, Institute on Disability, Institute for Health Policy and Practice*

UNH School of Law

UNH at Manchester

AUXILIARY UNITS

**Intercollegiate Athletics**

**Housing**

*Related Auxiliaries: Forest Park*
Hospitality Services
Related Auxiliaries: Conferences and Catering

Other Business Affairs
Major Auxiliaries: Printing Services, Mail Services, Transportation Services, Memorial Union, Campus Recreation, Whittemore Center

CENTRAL ADMINISTRATION

Academic Affairs
Major Centers/Schools: Leitzel Center, Carsey School of Public Policy
Major Auxiliaries: Health Services, Counseling Center

Library

Information Technology
Major Auxiliaries: Computer Store, Telecommunications

General Administration, including Advancement

Enrollment Management

Institutional Accounts

FACILITIES

Facilities Services
Major Auxiliaries: Small Projects Construction Team, EcoLine

RESEARCH UNITS

Institute of Earth, Oceans and Space (EOS)
Major Programs/Centers/Institutes: Earth Systems Research Center, Ocean Process Analysis Laboratory, Space Science Center, School of Marine Science and Ocean Engineering, Center for Coastal Ocean Mapping

Cooperative Extension

Research
Major Programs/Centers/Institutes: Cooperative Institute for Coastal and Estuarine Environmental Technology (CICEET), Cooperative Institute for New England Mariculture and Fisheries (CINEMar), Instrumentation Center, Consulting Center, Research Computing
2. RCM Oversight

2.1 Operational Oversight

2.1.1 Central Administration Roles and Responsibilities
The UNH President provides oversight for the University as a whole and is advised by the Central Budget Committee (CBC). Any changes to the RCM model require the approval of the UNH President. The office of each Vice President provides oversight for those RC units reporting to it and ensures that unit budgets reflect priorities as described in the unit’s and the University’s strategic plans. Each Vice President is a member of the Central Budget Committee (CBC) whose responsibilities include overall stewardship for the RCM model. The VP for Academic Affairs and Provost is responsible for leading the academic planning process and ensuring academic quality. The VP for Finance and Administration is responsible for ensuring that all units are using resources efficiently and effectively and within designated authority. This is accomplished through various means including management reporting, the budget process, mitigation planning and unit projections.

2.1.2 Responsibility Center (RC) Unit Roles and Responsibilities
Each RC unit is responsible for developing strategic and financial plans that fit within the UNH Strategic Plan (UNH Strategic Plan). All operating decisions must comply with USNH and UNH policies (Policies & Procedures). Financial modeling for existing and new programs is the responsibility of the RC unit although assistance is available from the UNH Office of the VP for Finance and Administration. RC units are responsible for the overall fiscal performance of the unit encompassing all funds assigned to the unit and have the flexibility to implement incentives for improving fiscal performance. RC units are held accountable for the effective and efficient management of their resources and are required to report periodically to the VPFA Office on the financial status of the unit. Units experiencing financial difficulty are required to develop and discuss mitigation plans with the responsible Vice President and the Vice President of Finance and Administration, if different (please see “Oversight for Operations in Financial Difficulty” in Section 4.2).

2.1.3 Business Service Center (BSC) Roles and Responsibilities
The Business Service Centers (BSCs) exist to support the RC units in fulfilling their roles and responsibilities. The BSC for each unit is the central point for several key functions including:
- finance and human resources transaction processing
- budget development, analysis and monitoring
- projections and financial modeling
- adherence to USNH and UNH policies and procedures
Each RC unit is supported by a BSC although some BSC’s support more than one RC unit.

2.2 Academic Oversight- Faculty Senate

The Faculty Senate is the legislative body that reviews and develops policies concerned with the academic mission of the University. As such, the Faculty Senate is responsible for monitoring the academic impacts of the budget and RCM.

2.3 Central Budget Committee (CBC)

RC units enjoy a great deal of financial flexibility and independence under RCM, as unit heads are empowered to develop their own policies and practices for planning and budgeting. The units are expected to adhere to the University’s overall mission and values as articulated in the Academic Plan. The Central Budget Committee (CBC), an advisory group to the UNH President, provides the means for institutional oversight of the budget system through financial planning and coordination of units’ budgets and determining funding priorities.

Duties of the Central Budget Committee
The Central Budget Committee advises the President on budget policy and financial planning for the campus community and in that capacity will:

- Establish institutional funding priorities and budgetary guidelines consistent with the overall institutional strategic plan
- Review the performance of service units, through the periodic use of the ad hoc Service Unit Advisory Board
- Regularly update the institutional financial plan, consistent with strategic academic plan updates
- Finalize the institutional budget and RCM rates
- Review requests for internal fee increases above inflation or new internal fees
- Serve as the steward for RCM
- Submit an annual report at the end of each fiscal year, highlighting major recommendations to the UNH President and the status of the recommendation.

Principles of the Central Budget Committee

- Supporting the University: Resource allocation shall be in the best interest of the institution as determined by the University Planning process.
- Rewarding Excellence: Excellent programs and new initiatives within or between RC units should be rewarded and encouraged.
- Upholding the Institution’s Mission: RC units that contribute to the University’s mission should be supported, regardless of their
“profitability.” The bottom line is only one of many criteria that should be used to allocate resources.

**Members of the Central Budget Committee**
Each member of the Central Budget Committee has a continuing, individual charge to serve as a representative of the campus community as a whole and to avoid behaving as a partisan advocate.

See [Central Budget Committee](#) for list of current members.

### 2.3.1 Service Unit Advisory Board

One of the components in the RCM system is the allocation of the net costs of select service units to other RC units. Service units represent infrastructure operations that are necessary to run the institution. *Appendix A* provides a list of service units at the University. The net costs of all service units are funded by a portion of specific revenue streams received by non-central RC units. The mechanism for periodic review of central services is through a Service Unit Advisory Board (SUAB) which is appointed by the Central Budget Committee (CBC) or by a Vice President, and includes both CBC and non-CBC members. The SAUB should be chaired by an objective party (i.e., not the Director/AVP of the service unit). Service units can have standing SAUBs as needed.

**Objectives of the SUAB**
The Board shall strive to serve as an oversight mechanism that ensures the integrity and balance of the system by:
- Providing a customer review of internal fees to ensure they are reasonable
- Ensure customer understanding of internal fees and the allocation of funds
- Recommend to the Central Budget Committee what costs should be covered centrally through assessments or certain revenue streams versus fee for service
- Recommend funding priorities to the Central Budget Committee

**General Description of the Budget Process for Service Units**
Every five years each service unit will prepare a strategic plan (operational and programmatic components). Every year, service units will prepare a financial plan, with a separate analysis of reserves and employee FTE levels. The plans will include proposals for any new services or changes to existing services and proposed fees. Service units will provide justification for service changes, fees, and resulting costs. Service units will submit their plan to the responsible Vice President, who will then submit the plan to the Central Budget Committee for consideration by December 1st of each year.
The CBC will then decide which units (if any) to subject to review in a given year, depending on the magnitude of service unit operations, budget changes, service quality changes, fee structure changes, and changes in service levels.

**Duties of SUAB**

- *Organizational Mission and Vision*: reviewing future direction of service units, and providing recommendations for proposed changes in service offerings or levels to the Central Budget Committee
- *Benchmarking*: assessing objectively how well service providers are performing against established guidelines
- *Customer Input*: assessing how well service providers are satisfying customer expectations
- *Strategic Planning and Budgeting Process*: To provide customer input in the development of service unit priorities in their Strategic Planning process
- *Financial Considerations*: review new fee and fee increase proposals
- *Communication*: To provide timely updates to the campus community on the work of the SAUB and decisions that have been made.

The SUAB will work collaboratively with service units (and the responsible Vice President) in an effort to achieve a consensus report. The SUAB develops and submits a written report (which may or may not concur with the Vice President’s recommendation) to the Central Budget Committee (CBC). The SUAB must have at least two-thirds of its members in agreement to support its position for the report. It is not mandatory that consensus report be developed, and in this instance the service unit through its responsible VP may submit a management response to the SUAB report.

### 2.4 RCM Reviews

Information on all RCM reviews noted below can be found on the RCM website under- [RCM Reviews](#).

#### 2.4.1 5-Year Review

When RCM was implemented in FY01, a provision was in place for a formal review to occur after the fifth year of implementation. The review committee was appointed by the UNH President at the beginning of FY05 and was co-chaired by the Provost and Executive Vice President for Academic Affairs (VPAA) and the Vice President for Finance and Administration (VPFA). The goal was to assess the effectiveness of RCM, with the Academic Plan as the foundation for the review. The review provided an opportunity to consider the impacts of RCM and to identify areas where refinement of the model may be
necessary. The UNH President approved the RCM model revisions in March 2006.

2.4.2 2009/2010 Review

Since the 5-year review was completed, UNH experienced a number of major changes in leadership, major restructuring within some units and significant financial challenges. In addition, UNH had implemented a strategic plan for the University- UNH in 2020. As a result, the President and the Central Budget Committee (Central Budget Committee) felt the time was right for a review of RCM to ensure that financial resources are aligned to fully support the vision and goals of our strategic plan. Final recommendations were presented by the Central Budget Committee to the UNH President in October 2010 and were approved in November 2010. The changes to the model became effective Fiscal Year 2012.

The primary goals of the review included:

1. Align RCM incentives with institutional goals
2. Identify source of central strategic funds
3. Simplify RCM as much as possible
4. Develop greater financial accountability for all RC units including central service units
5. Establish criteria and process for strategic initiatives
6. Implement strong incentives for net revenue growth

The focus of the review included net tuition (including credit hour weightings and basis of allocation), state appropriations, F&A cost recovery, grants, general & facilities assessments, reserves and governance.

The review committee was co-chaired by John Aber, Provost and Vice President for Academic Affairs and Dick Cannon, Vice President for Finance and Administration. The review was conducted by the Central Budget Committee (CBC) and began in the fall of 2009.

The significant changes to the model included:

- Elimination of the revenue/personnel general assessment and move to funding central administration from a direct % of the following revenue streams: undergraduate, graduate and continuing education net tuition; mandatory fees, room and board; facilities & administrative cost recovery, PAU state appropriations, other revenue
- Adjust credit hour weightings for undergraduate net tuition
- Adjust F&A cost recovery % split between RC unit, Central Admin and PI and eliminated VP for Research allocation.
- Allocate state appropriations to financial aid to cover some portion of NH resident financial aid
• Allow RC units to spend up to 20% of their reserves without additional approval as long as minimum reserve balance is met on an all funds basis

2.4.3 Fiscal Year 2015 Review

During Fiscal Year 2015, an expedited review was conducted. The University’s Strategic Plan, “UNH in 2020”, was refreshed in 2014 and a key aspect of that plan was “A Budget System Aligned with Strategic Priorities”. The RCM review was expressly linked to the process of refreshing the Strategic Plan, and as such it is set in the context of an institution that is striving for greater degrees of collaboration and strategic focus for the use of its limited resources. The campus called for the model to encourage efficiency, effectiveness, and the constant generation of new resources.

The review was jointly led by the Provost’s Office and the Office of the Vice President for Finance & Administration. As part of the refresh process, a community survey was conducted. The survey results and input from President’s Cabinet and other leaders and governance bodies informed the review.

The RCM recommendations were approved in spring 2015 and became effective in Fiscal Year 2016.

2.4.4 Future Reviews

The 2015 review committee recommended that the RCM model undergo a formal review in no less than five years to assess its effectiveness and to identify areas where further refinement may be necessary.
3. RCM Allocation Methodologies

3.1 RCM Allocation Summary

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>RCM System – FY12 and beyond</th>
<th>FY15 Rates</th>
<th>FY16 Rates</th>
<th>FY17 Proposed</th>
</tr>
</thead>
</table>
| Undergraduate Net Tuition (AY) | • Undergraduate Gross Tuition & Financial Aid allocated to units based on weighted credit hours taught using prior 2 calendar year credit hour average (for UNH-Durham only).  
• % of UNH-Durham and UNH-Manchester Undergraduate Net Tuition allocated to Central Administration.  
• Credit Hour weightings adjusted from FY07-FY11 system. | 26.5% UNHD  
10% UNHM | 27.5% UNHD  
12.5% UNHM | 28.5% UNHD  
12.5% UNHM |
| Graduate Net Tuition (AY) | • Graduate Gross Tuition & Financial Aid flows directly to unit of matriculation (credit hours not weighted).  
  o Exception: Intercollege is manually allocated to units based on credit hours  
• % of UNH-Durham, UNH-Manchester and UNH Law* Graduate Net Tuition allocated to Central Administration.  
(*UNH Law allocation started FY15) | 15% UNHD  
10% UNHM  
6% UNHL | 16% UNHD  
10% UNHM  
9.5% UNHL | 17% UNHD  
10% UNHM  
9.5% UNHL |
| Summer Session & January Term Net Tuition | • Net tuition allocated to unit based on credit hours taught (not weighted).  
• % of UNH-Durham and UNH-Manchester Summer Session & January Term net tuition allocated to Central Administration. | 15% UNHD  
10% UNHM | 15% UNHD  
10% UNHM | 15% UNHD  
10% UNHM |
| Continuing Education Net Tuition (AY) | • Net tuition allocated to unit based on weighted credit hours taught using prior 2 calendar year credit hour average.  
• % of UNH-Durham and UNH-Manchester Continuing Education (AY) Net Tuition allocated to Central Administration. | 15% UNHD  
10% UNHM | 15% UNHD  
10% UNHM | 15% UNHD  
10% UNHM |
<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>RCM System – FY12 and beyond</th>
<th>FY15 Rates</th>
<th>FY16 Rates</th>
<th>FY17 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differential Tuition</td>
<td>• Differential tuition flows directly to the unit.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• % of Differential Tuition allocated to Central Administration.</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
</tbody>
</table>
| Mandatory Fees, Room & Board and Sales of Auxiliary Services Revenue | • Mandatory fees, room and board revenue and sales of auxiliary services revenue flow directly to appropriate RC unit  
• % of Revenue from Mandatory Student Fees, Room and Board and sales of auxiliary services revenue allocated to Central Administration.  
• Exception: Deferred Maintenance Assessment, Technology Fee, Athletics Fee, Student Health Insurance Benefit Plan Fee, SHARRP Fee, Student Activities Fee |            |            |               |
| State Appropriations                 | • PAUs receive designated share, after % taken off the top and allocated to Central Administration  
• A portion to Resident Financial Aid, including ACE; incremented in future years  
• Remainder for Central Administration and Strategic Initiatives | 13.5%      | 14%        | 15%           |
| F&A Cost Recovery Allocation        | • % to Principal Investigator support funds  
• % to Central Administration  
• % to host unit of grant  
  • Unit share defaults for grants in units other than PI’s home unit*:  
  o home/host split for research faculty  
  o home/host split for split funded faculty  
  o home/host split for instructional faculty  
  (* negotiable between units) | 10% PI  
  24% Cent.  
  66% Unit  
  5%/61%  
  14%/52%  
  24%/42% | 10% PI  
  24% Cent.  
  66% Unit  
  0%/66%  
  14%/52%  
  24%/42% | 10% PI  
  24% Cent.  
  66% Unit  
  0%/66%  
  14%/52%  
  24%/42% |
<p>| Gifts and Endowment                 | Received by unit designated in gift                                                             |            |            |               |</p>
<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>RCM System – FY12 and beyond</th>
<th>FY15 Rates</th>
<th>FY16 Rates</th>
<th>FY17 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>Received by host unit of grant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>Received by Central Administration – Used to offset expenses to USNH</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
| Student Fees (e.g., course fees) | • Student fee revenue flows directly to appropriate RC unit.  
• % of student fee revenue allocated to Central Administration after the fact (UNHM exempt) | 15%        | 15%        | 15%           |
| Other Operating Revenue | • Other operating revenue flows directly to appropriate RC unit  
• % of Current Unrestricted Other Operating Revenue allocated to Central Administration | 15%        | 16%        | 17%           |

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>RCM System – FY12 and beyond</th>
<th>FY15 Rates</th>
<th>FY16 Rates</th>
<th>FY17 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>Funded by unit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>Funded by unit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel, Equipment, Supplies, and Other Expenses</td>
<td>Funded by unit</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| RCM S&W – Strategic Initiative | • % assessment on actual full fringe-eligible salaries and wages  
• See Section 3.7 for methodology | 3.5%       | 4.5%       | 4.5%          |
| Facilities Services Assessment | • Charged to most units based on net square footage occupied  
• Major Business Affairs Auxiliaries (Housing, Dining, Transportation, Print, Mail, Whittemore Center) pay based on a contracted Facilities Services rate  
• Some units pay a reduced rate (e.g., not located on campus, pay own maintenance, utilities, etc.) | Core Rate   | Core Rate   | Core Rate     |
| Depreciation             | Charged to central campus     |            |            |               |
3.2 Tuition

The University receives resident and non-resident tuition revenue for undergraduate and graduate academic year credit courses, summer session and January term courses, continuing education and non-credit courses. In addition, some of the schools/colleges charge differential tuition to their majors.

3.2.1 Undergraduate Net Tuition- Academic Year Credit Courses

Undergraduate gross tuition is total revenue from undergraduate credit courses from matriculated undergraduate students. Non-matriculated undergraduate students are not included in this allocation - their revenue and related credit hours are factored into the Academic Year Continuing Education model. Undergraduate net tuition is defined as gross tuition less financial aid. When allocating undergraduate net tuition, there is no distinction between resident and non-resident tuition.

Tuition Allocation Methodology: undergraduate net tuition is allocated as follows:

- For UNH – Durham only, undergraduate net tuition is allocated to the instructional unit listing the course based on weighted credit hours averaged over the previous two calendar years. The averaging of credit hours is employed to smooth out the effects of enrollment changes and gives the schools/colleges some lead time to adjust resources to correspond with changes in net tuition. (UNH Manchester is not part of the undergraduate tuition allocation)
- % of UNH-Durham and UNH-Manchester undergraduate net tuition is allocated to support Central Administration after the fact.
- See Section 3.1 for current allocation percentages

Credit Hour Weightings: Undergraduate credit hours are weighted for the UNH-Durham schools/colleges to reflect the cost differentials in instruction. Weightings applied to credit hours for each academic unit are as follows: CEPS: 1.5, COLSA: 1.2, PAUL: .95, CHHS: .95, COLA: .80, Academic Affairs: .80.

Comments & Exceptions:
- The % allocation does not apply to Central Administration units since this is part of their funding stream.
- The undergraduate net tuition allocation includes INCO, Honors and Discovery courses
- All study away programs are included in the Undergraduate Net Tuition model. Effective FY12, the credit hours will be weighted.
- Credit hours for INCO and International Affairs (IA) courses are credited to the unit providing the instruction.
• For courses offered in units outside the schools/colleges, the course is cross listed with a school/college and the revenue from such courses flows to the appropriate school/college.
• For courses cross listed in two colleges, the revenue flows to the college/school where the student registers for the course.
• Tuition revenue for UNH Manchester students taking courses in Durham is allocated to UNH Durham. Tuition revenue for UNH Durham students taking courses in Manchester is allocated to UNH Manchester.

Undergraduate Financial Aid: Undergraduate institutional financial aid is awarded by the Financial Aid Office to undergraduate students taking credit courses. A portion of State Appropriations is directed to Resident Undergraduate Financial Aid. The remaining institutional financial aid cost to the general fund is allocated out to the instructional unit based on credit hours averaged over the previous two calendar years. For example: President, Dean, merit, ROTC, athletic, music, entitlements and need-based scholarships.

Employee and dependent tuition waivers are funded from the fringe benefit pool.

3.2.2 Graduate Net Tuition- Academic Year Credit Courses

Graduate gross tuition is total revenue from graduate credit courses from matriculated graduate students. Graduate net tuition is defined as gross tuition less financial aid. Non-matriculated graduate students are not included in this allocation - their revenue and related credit hours are factored into the Continuing Education model (Exception: Non-matriculated graduate students in the Graduate School Manchester Center (GSMC), whose net tuition flows directly to the RC unit listing the course).

Tuition Allocation Methodology: graduate net tuition is allocated as follows:
• Current year graduate net tuition flows directly to the schools/colleges based on where the student is matriculated.
• % of UNH-Durham, UNH-Manchester and UNH-Law graduate net tuition is allocated to support Central Administration after the fact.
• See Section 3.1 for current allocation percentages

Comments & Exceptions:
• The % allocation does not apply to Central Administration units since this is part of their funding stream.
• Graduate net tuition includes credit hours related to matriculated and non-matriculated students in the Center for Graduate & Professional program
• Revenue from Graduate School Manchester Center (GSMC) flows directly to the RC unit offering the program.
See exception below related to Graduate Intercolleges Programs (See 3.2.2.1)

**Graduate Financial Aid:** Graduate financial aid is awarded by the college/school in the form of graduate student waivers and fellowships and is charged directly to the unit.

Employee and dependent tuition waivers are funded from the fringe benefit pool.

3.2.2.1 **Graduate Intercolleges Courses**

Graduate intercolleges courses are defined as those that offer a core curriculum that requires the participation of faculty from two or more schools/colleges. Intercolleges programs are housed within the Graduate School; thus, for RCM purposes the home unit of intercolleges students is the Graduate School. A Memorandum of Understanding (MOU) is established for each intercolleges graduate program between the units involved in the program.

**Tuition Allocation Methodology:** Intercolleges graduate net tuition is allocated as follows:

- Tuition generated by intercolleges programs flows directly to the Graduate School and is then manually allocated out to the RC units. Generally, all expenses including financial aid and administrative costs for the program are taken off the top and the remaining tuition revenue is allocated to the school/college based on the proportion of credit hours taught and using the major codes.
- % of UNH-Durham and UNH-Manchester graduate intercolleges net tuition is allocated to support Central Administration after the fact.

**Comments & Exceptions:**

- The % allocation does not apply to Central Administration units since this is part of their funding stream

3.2.3 **Differential Tuition- Undergraduate & Graduate**

Differential tuition is an additional tuition charge to certain majors for both undergraduate and graduate students.

**Tuition Allocation Methodology:** Differential tuition is allocated as follows:

- Tuition Differential flows directly to the unit (currently, CEPS, PAUL and UNHM)
- % of differential tuition is allocated to support Central Administration after the fact.
• See Section 3.1 for current allocation percentages

3.2.4 Summer Session and January Term Credit Course Net Tuition- Undergraduate & Graduate

Summer Session and January Term gross tuition is total revenue from undergraduate and graduate courses taken by matriculated or non-matriculated students. Summer Session and January Term net tuition is defined as gross tuition less financial aid. When allocating Summer Session and January Term net tuition, there is no distinction between resident and non-resident tuition.

*Tuition Allocation Methodology:* 100% of summer session and January term net tuition is allocated as follows:

- Tuition is allocated to units based on credit hours taught (not weighted)
- % of UNH-Durham and UNH-Manchester Summer Session and January Term net tuition is allocated to support Central Administration after the fact.
- See Section 3.1 for current allocation percentages

*Comments & Exceptions:*

- The % allocation does not apply to Central Administration units since this is part of their funding stream
- Includes all study away programs
- Includes UNH and UNHM courses
- Tuition for non-matriculated students taking courses through the Graduate School Manchester Center (GSMC) flows directly to the unit listing the course and is not part of the Summer Session or January Term tuition allocation.
- Undergraduate and Graduate summer tuition are allocated by credit hour but are done separately because of differing rates.

3.2.5 Continuing Education Credit Course Net Tuition Academic Year- Undergraduate & Graduate

Continuing Education gross tuition is total revenue from courses taken by all non-matriculated undergraduate and graduate students. Continuing Education net tuition is gross tuition less continuing education financial aid. When allocating Continuing Education net tuition, there is no distinction between resident and non-resident tuition.

*Tuition Allocation Methodology:* Academic Year continuing education tuition is allocated as follows:
• Current year Continuing Education net tuition is allocated to the units based on weighted credit hours using the prior 2 calendar year credit hour average.
• % of UNH-Durham, UNH-Manchester and UNH-Law Academic Year Continuing Education net tuition is allocated to support Central Administration after the fact.
• See Section 3.1 for current allocation percentages

**Credit Hour Weightings:** Credit hours are weighted for the UNH-Durham schools/colleges to reflect the cost differentials in instruction. Weightings applied to credit hours for each academic unit are as follows: CEPS: 1.5, COLSA: 1.2, PAUL: .95, CHHS: .95, COLA: .80, Academic Affairs: .80.

**Comments & Exceptions:**
• The % allocation does not apply to Central Administration units since this is part of their funding stream
• For non-matriculated graduate students in the Graduate School Manchester Center (GSMC), actual tuition flows directly to the unit listing the course.

**Continuing Education Financial Aid:** Continuing Education financial aid generally represents aid to Oyster River Students, Veterans, and Senior Citizens. Continuing Education financial aid is netted against gross Continuing Education tuition prior to allocation to the schools/colleges.

**3.2.6 Off-Campus Credit Course Tuition- Undergraduate & Graduate**

Tuition generated from undergraduate and graduate credit courses offered through the Professional Development and Training Office flows directly to Cooperative Extension. Tuition collected for books purchased through the UNH bookstore and on campus housing, as a convenience to the student, can be recorded as offsets to gross tuition through a pass through account.

**Tuition Allocation Methodology:** Off Campus Credit Course tuition is allocated as follows:
• Tuition generated by off-campus credit courses flows directly to Cooperative Extension (Professional Development and Training) and is then manually allocated out to the RC units offering the course. Professional Development and Training contracts with each of the units regarding the allocation of revenue.
• There is no allocation to support Central Administration.
3.2.7 Non-Credit Tuition

Tuition generated from non-credit courses offered through the Professional Development and Training (PD&T) Office flows directly to Cooperative Extension.

*Tuition Allocation Methodology:* Non Credit tuition is allocated as follows:

- Non-Credit tuition revenue flows directly to the unit.
- Non-Credit programs are subject to the % allocation to support Central Administration
- See Section 3.1 for current allocation percentages

*Comments & Exceptions:*

- Paul College Executive Development Program revenues flow directly to Paul College and are exempt.
- UNHM non-credit tuition revenues flows directly to UNHM and are exempt.
- Other programs exempt upon agreement with the Provost and VP for Finance & Administration.
3.3 Mandatory Fees, Room and Board

**Allocation Methodology:** Mandatory Fees, Room and Board flow directly to the appropriate RC unit. % of gross mandatory fees, room and board is allocated to support Central Administration after the fact.

Mandatory Fees include the following:
- Health Services & Counseling Fee
- Memorial Union Fee
- Student Recreation Fee
- Transportation Fee

See Section 3.1 for current allocation percentages

**Comments & Exceptions:**
- Technology Fee, Athletics Fee, SHARRP Fee, Student Health Benefit Plan, and Student Activity Fee are exempt.
- UNHM and UNH-Law mandatory fees are exempt.
3.4 State Appropriation Allocation

3.4.1 Allocation Methodology Summary

The University receives support from the State of New Hampshire. Increases in state appropriations are subject to approval by the State Legislature after review of the USNH Biennial Budget request.

**Allocation Methodology:** Under RCM, state appropriation revenue is allocated to RC units as follows:

- The PAU Allocation includes Agricultural Experiment Station, Cooperative Extension, Marine Program, UNH-Manchester, and the Consulting Center.
- % of the PAU State Appropriation Allocation will be allocated to support Central Administration. (See Section 3.1 for current allocation percentages)

- Resident Student Financial Aid: A portion of the state appropriation will be allocated to cover resident financial aid costs to be incremented in future years. The allocation is typically $16M but is subject to change. Periodically, UNH is required to allocate additional state appropriation funds to resident financial aid.

- The remainder will be allocated to support Central Administration.

State appropriation increases, rescissions and allocations will be the responsibility of the UNH President after review by and recommendation of the Central Budget Committee.

**Cooperative Extension - Salary Increase Funding Agreement**

Cooperative Extension (CE), UNH and USNH have an agreement with the State of New Hampshire that all salary increases on County and Federal Extension Educators will be funded by the University through state appropriations.

Under RCM, the VPFA Office made an adjustment to Cooperative Extension’s state appropriation allocation in FY12 to build in the County and Federal Extension Educators salary increases on an ongoing basis. Going forward, Cooperative Extension will receive the overall % increase in appropriations applicable to all PAUs.
3.5 Facilities & Administration Cost Recovery (F&A)

Facilities & Administration (F&A) cost recovery revenue is received by the University as a result of agreements with external sponsors in order to help defray overhead costs resulting from research activities. The F&A cost recovery is allocated directly to the unit that generates the overhead costs in an effort to link F&A costs to research activity, provide incentives for conducting research, and hold units responsible for their portion of overhead costs.

The University allocates the RC unit and central administration shares of F&A cost recovery revenue on a real-time basis, meaning that revenue is allocated in the same fiscal year it is generated. The Principal Investigator (PI) allocation remains based on prior calendar year activity. Tools and reports have been developed by the VPFA Office in consultation with the RC units to assist units in monitoring F&A cost recovery revenue and adjusting budgets as necessary. Since the PI allocation is based on the previous calendar year, actual fiscal year revenues will differ from the calendar year earnings. Any difference between the fiscal year and calendar year earnings will be reallocated to RC units – surpluses and shortfalls.

3.5.1 Allocation Methodology

F&A cost recovery revenue is allocated to RC units as follows:
- % to RC unit receiving the award (See 3.5.4. for grants crossing RC units)
- % to the PI(s) named in the grant document
- % to support Central Administration

See Section 3.1 for approved allocation percentages

3.5.2 Allocation Details

% to Units: Units conducting research generate overhead costs associated with the research activity. The same units are directly responsible for securing reimbursement for these costs. Therefore, it is logical that units conducting research receive the majority of the indirect cost recovery.

% to Central Administration: Units conducting research require support from Central Administration throughout the research process.

% to PIs: In order to provide incentive for research and scholarly progress and seed funds for new projects, % of the previous calendar year’s F&A recovery should be directed to an internally designated fund established for each PI.

The 10% return (approximate, as the percentage has varied) began in 1984, long before UNH implemented RCM. An argument can be made
that this policy has encouraged the dramatic growth in externally
supported research. The PIs see the tangible reward for their effort and the
return serves as an added incentive to their research and scholarship
mission. The allocation to the PI is sometimes the only “seed” money
available to explore new research concepts and to develop data for
proposals in new areas, especially as resources at the dean/VP level
decline.

If a PI leaves UNH, the current year allocation and any existing fund
balance in the PI’s internally designated fund will revert to the RC unit.
Consideration should be given to remaining obligations related to the
project, such as graduate student support. If a PI leaves UNH and is
replaced by another UNH PI, the F&A distribution will be modified to
match appointment type and affiliation of the PI assuming responsibility
for the grant. If a PI is replaced for reasons not related to the departure
from UNH, and the F&A distribution in place crosses RC units, the RC
unit leaders should agree on any modified distribution.

3.5.3 Allocation Process

The PI distributions equal to % of the prior calendar year actual revenue will
be made at the beginning of the fiscal year and will be initiated by the VP for
Finance and Administration Office.

On a quarterly basis, the VP for Finance and Administration Office will
allocate funding to RC units and Central Administration based on actual
revenues received during the fiscal year though that point in time. Reports
supporting the allocation will be provided to RC units by the VP for Finance
and Administration Office. Approximately $50k is held back annually to fund
the Facilities and Administrative Cost Rate Proposal.

3.5.4 Grants that Cross RC Units

UNH is committed to promoting interdisciplinary research. This distribution
of indirect cost revenue recognizes and rewards interdisciplinary
collaboration, at the same time attempting to cover the administrative costs
where they occur. Percentages attributed to the home units are in recognition
of the standard costs of administration associated with faculty members; the
larger percentage is directed toward the unit receiving the award, where the
main costs will be incurred.

For shared grants (e.g. cross-unit), the % to Units will be divided among the
RC units using agreed-upon rates set at the time of the writing of the proposal.
The following are guidelines to assist units in dividing the %, although RC
units are free to negotiate different rates:
**Research Faculty**
- 66% to the RC unit receiving the award

**Formula Funded Faculty (duties split 50% between research and instruction)**
- 52% to the RC unit receiving the award
- 14% to the Faculty member’s home RC unit

**Instructional Faculty**
- 42% to the RC unit receiving the award
- 24% to the Faculty member’s home RC unit

If a PI leaves UNH, the current year allocation and any existing fund balances in the PI’s internally designated account will revert to the RC unit. If the PI is associated with more than one RC unit (e.g. CEPS faculty with grants in EOS), the current year allocation and any existing fund balance will be distributed to each RC unit via the prescribed percentages above.

### 3.5.5 Closing Balances of Fixed Price Contracts

When a fixed price sponsored agreement closes and all receivables have been satisfied, the researcher is entitled to all remaining direct cost dollars plus the PI share of the Facilities & Administrative (F&A) cost budget. F&A budget amounts over and above the PI share will be distributed per current RCM F&A allocation percentages (See Section 3.1 for current allocation percentages).

If, however, an F&A cost waiver was granted for the project any balance left at the end of a fixed-price agreement will be used first to repay the waiver.
3.6 Other Revenue

Other revenue flows directly to the units. % of unrestricted revenues (from general fund, internally designated and auxiliary funds) is allocated after the fact to support Central Administration. Other revenue includes the following revenue streams from E&G, Internally Designated and Auxiliary funds:

- Student Fees (this does not include Mandatory Fees)
- Sales of Auxiliary Services
- Other Operating Revenue

The following revenue streams are excluded from the allocation to Central Administration:

- Grant and Contract- Direct (non F&A recovery) revenue
- Operating Investment Income
- Restricted gifts/endowment income
- Transfers in from other units (this is not revenue)
- Internal allocations (“revenue” from other UNH/USNH units)

Allocation Methodology:

- % of Other Revenue is allocated to support Central Administration
- See Section 3.1 for current allocation percentages

Comments & Exceptions:

- UNHM is exempt from the % on Student Fees (other operating revenue and sales of auxiliary services are not exempt)
- The % allocation does not apply to Central Administration units since this is part of their funding stream, including Facilities and IT E&G and Auxiliary Funds, with the following exception:
  - The Computer Store revenue (external sales) is subject to the % on Other Revenue.
3.7 RCM Salaries & Wages – Strategic Initiative

RCM Salaries & Wages Assessment for Strategic Initiatives is a % of actual full fringe-eligible salaries & wages. The assessment is used to fund strategic initiatives (see 3.10 Strategic Initiative Funds). This new RCM item for strategic funding is to help mitigate the loss of strategic funding streams from the cut in State funding.

**Assessment Methodology:**

- % assessment on actual full fringe-eligible salaries and wages
- See section 3.1 for current allocation percentages
- Fund types included: E&G, Auxiliary, Internally Designated
- Fund types excluded: Gift, Sponsored Programs (all other fund types typically do not have salary/wage expense)
- Other exclusions:
  - Undistributed salary funds (assume all salaries distributed by year end)
  - 1DUSTF UNH Separation Fund and 1UU000 Institutional Fund
  - 1DJSAF UNH Student Activity Fee
  - 1DK042 IT USNH (exclude non-UNH-only salary expenses)
3.8 Facilities Services Allocation

One of the goals of RCM is to develop a plan that fairly allocates facilities costs to all Responsibility Centers. This benefits the University by requiring Responsibility Centers to include the cost of space in their decision making process. UNH Facilities Services functions as the primary provider of facilities management. UNH is better served by one service provider for each type of service currently offered by Facilities Services; however, this provider must provide competitive rates for services.

In general, net Facilities Services costs are charged to RC units on a net square foot basis (NSF). The rate charged on the NSF basis is calculated by taking the net costs of the above operations divided by total net square footage for the University (as defined below). This option provides the most simple and equitable method of charging facilities costs to RC units. Certain units are not charged on a full net square foot basis as noted above due to their location, size and type of operation—these include UNH-Manchester, Business Affairs and Academic Affairs Auxiliaries and Farm and Outlying Properties.

3.8.1 Allocation Methodology

Facilities Services Defined
Facilities Services is comprised of the following major operations:

Energy and Campus Development (E&CD)

- **Facilities Administration Overhead**: E&CD administration, campus planning, design and construction, energy operations and associated personnel attrition.
- **Renewal and Replacement**: The institutional R&R budget is allocated annually by SARRC (Space Allocation Renewal and Replacement Committee) to academic, administrative and research units for renovations and repairs to buildings and grounds. The Auxiliary operations, including student affairs auxiliaries and business affairs auxiliaries contribute toward 10% of the annual R&R budget based on their NSF to go towards projects considered the greater good of the institution (including Master Planning, Water and Sewer system upgrades, and other general infrastructure repairs). SARRC will provide an annual summary of R&R Greater Good projects funded each fiscal year.
- **Utilities**: Water and sewer, energy production and purchases for the UNH Co-Generation plant, and ECOLine operations.
Operations and Maintenance (O&M)

- **Facilities Administration Overhead**: O&M administration, general operations, stockroom inventory and associated personnel attrition.
- **Municipal Services**: Fire Department and solid waste removal.
- **Maintenance** costs include both contractual agreements with outside contractors (sprinkler systems, elevators) and trade personnel and expenses (painters, plumbers, carpenters, electricians).
- **Housekeeping** costs include housekeeping staff and supplies as well as outside contracted services.
- **Grounds and Roads** costs include personnel costs, materials, and equipment.

**Net Square Foot Defined**

Net square footage equals gross square footage (total building space including walls and roof) less common areas such as hallways, bathrooms, stairwells, foyers, attics and basements as documented in the UNH space management system. If the space is inhabited by a person, functional storage, lab, classroom, or other use, or is usable space that is only accessible through another charged room (ex: a closet inside an office), it is calculated in the net square foot base. (See “Space Management 3.8.2” below).

**NSF Rate Components**

General/Core buildings are allocated the full NSF rate. Properties with special NSF rates assigned to them receive limited services due to their location and/or unique arrangement for self service. Properties subject to NSF rates and the components for which costs will be allocated are marked by X.

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<tr>
<th>Outlying Properties</th>
<th>GENERAL / CORE Bldgs</th>
<th>STUDENT AFFAIRS AUX</th>
<th>UNHM and UNHL</th>
<th>FARM &amp; AG SPACE</th>
<th>JACKSON LAB</th>
<th>KINGMAN FARM HOUSE &amp; LAB</th>
<th>BROWNE CENTER</th>
<th>MARINE LAB</th>
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Exceptions to the General/Core Building Rate

- **Academic Affairs Auxiliaries** (Health Services and Counseling Center) are responsible for funding their own renewal and renewal projects and are not subject to the square footage charges imposed on non-auxiliary units for R&R projects, with the exception of the Field House pool (*) which is included in this rate. All other costs components are built into the NSF rate.

- **UNH Manchester and UNH-Law** incurs direct costs for utilities, maintenance and housekeeping, grounds and roads, and renewal and replacement. Thus, UNH Manchester and UNH-Law are allocated net costs of Facilities Administration Overhead only.

- **Farm and Agriculture properties** will be charged a reduced rate due to their location and reduced levels of service provided. The charge will be based on services provided by facilities, including a reduced energy cost based on historical usage.

- **Outlying Properties** incur direct charges for utilities and other services. Many of these properties are totally excluded from the Facilities Services cost per square foot calculation. Such properties include the Institute on Disabilities office in Concord, NH. Other properties, based on location and services provided by Facilities Services, are assessed a NSF rate accordingly.

- **Business Affairs Auxiliary Operations** (Housing, Dining, Transportation, Print/Mail, Memorial Union, Campus Recreation and the Whittemore Center) have negotiated rates and service levels directly with Facilities Services. Facilities Overhead, R&R Greater Good projects, Municipal Services and Water and Sewer are based on a formulaic rate per net square foot. All other costs are billed monthly based on actual consumption. The negotiated budget is set at the beginning of the year and charges are made by Facilities Services against that budget during the year. Note: The Flow Physics Facility (Wind Tunnel) will have the same components as Business Affairs (decision needs to be finalized)

Facilities Services Calculation by RC Unit

Components of the Facilities Services budget and resulting rate components must be made transparent to the consumers of space. Any rate increase needs to be approved by the Central Budget Committee. This is the methodology of how Facilities Services net expenses are distributed to RC units.

- Determine if space changes have been made and calculate the NSF applicable for each cost component. An “X” in the chart above defines cost components and property types that are included in the Net Square Feet rate calculation.

- Divide cost component values by NSF amount. For example, if the net cost to recover for Facilities Overhead is $3.5 Million and the total Net Square Feet applied to that cost component is 1.8 Million square feet:
3.5M ÷ 1.8M = $1.94 per square foot charge for that Facilities Overhead component.

- Recalculate the rate using this methodology for each cost component and property type (General/Core, Student Affairs Auxiliaries, Outlying Properties, etc).
- Negotiate billing rates with Business Affairs auxiliaries based on projected labor hours and costs associated with the work to be performed.

**Classroom Space**

The majority of classroom space is controlled by the Registrar’s Office. A number of labs or large conference rooms are controlled by the academic units. Maintaining classrooms centrally provides for scheduling flexibility at the campus level. Net facilities costs for classrooms controlled by the Registrar’s Office will be allocated to the Academic Affairs RC unit based on the square footage of those classrooms. Charges for classrooms or laboratories under the control of a specific RC unit will be levied directly against that unit.

**Quality of Space**

The University has refrained from subjectively rating the quality of space. One could argue that a "poor" space should receive a discount on the cost per square foot charge or, conversely, that it should be charged additionally for requiring more maintenance and electricity than newer, more efficient spaces. To avoid this ambiguity and the debate about "quality," we have chosen to simplify the model by averaging facilities costs across all square feet regardless of quality. Equitable, efficient, and manageable, this approach should be used in conjunction with decentralized budgeting. Space that is deemed by Facilities Services to be uninhabitable due to structural, space limitations or other extreme situations are excluded from the net square feet base on a case by case basis.

**Changes in Space Ownership**

See attached procedure: "Space Management"

**Changes in Space Usage**

Any significant changes in space usage must be approved by SARRC prior to the change. An example would be conversion of a classroom to a laboratory.

**Space Rental/Leasing**

Under RCM, each RC unit is charged for its share of the costs of physical space. While these units are responsible for managing their assigned space in cooperation as needed with the Facilities Division, they are not owners of the space. Hence, units are not permitted to lease, rent, or otherwise provide their assigned space to other RC units or outside agencies without prior approval from the VP for Finance and Administration. Upon approval, the unit must notify the Facilities Business Service Center. The Space Allocation/R&R Committee (SARRC) is the University governance body charged with assigning space, on both a temporary and/or permanent basis. Requests for
changes in space allocation should be endorsed by the President or appropriate Vice President and forwarded to SARRC for review and approval.

**Renewal and Replacement**
Funding for Renewal and Replacement projects is the responsibility of the Space Allocation Renewal and Replacement Committee (SARRC). Units support the Renewal and Replacement fund in either a full support or partial support basis. Business Affairs, Student Affairs and a select other units provide partial support for projects deemed to be of the greater good of the campus.

**Renewal to Buildings, associated NSF and Swing Space**
During Renewal phases to buildings, occupants may need to vacate temporarily and reside in facilities swing space. The net square feet will be fixed during the renewal based on the occupancy prior to the renovations. RC units will be charged for the space they occupied prior to the renewal, will not be charged for the swing space they occupy, and only when they return to the space will the net square feet be adjusted, based on the renewed square feet.

**Central Budget Committee**
The Central Budget Committee (CBC) representing users from each major unit group (deans, directors, faculty and staff) will assure that the Facilities Services budget and cost allocation method are equitable and feasible. Reviews will be done on a periodic basis. Each year Facilities Services must present its budget to the CBC using the normal rate of inflation per cost category and outline any incremental increases exceeding this rate.

**3.8.2 Space Management**

Because RCM attaches a cost to each net square foot (NSF) of space, it is anticipated that some units may want to consider relinquishing space while others may want to consider acquiring space. All units must adhere to the following procedures regarding changes in space to ensure that the space file reflects current RC unit control and that negotiations and disputes are properly resolved:

The space file ‘Net Square Footage at January 31st' of any given year will be used as the basis for the Facilities Services allocation to all units under RCM for the following fiscal year. An annual reconciliation of space should be completed no later than that date. Any changes after that date will not be reflected in the annual facilities assessment budget calculations (see re-assignment of space below).

**Space Transfer Overview**
According to the charter of the Space Allocation, Renewal and Renovation Committee (SARRC), this committee has “ultimate responsibility for” (among other things):

1. Approving the allocation of space in all University buildings
2. Approving changes in the use of University lands and buildings

Transfer of space between “functional units” is an important mechanism for ensuring the efficient utilization of this resource. It has been the history of SARRC, and remains the expectation of the University, that most space transfers will result from plans that are agreeable to all parties. However, when contrasting proposals for the use of space arise, a well-defined and open process for reviewing and deciding among alternatives is essential to ensure fairness and full participation by all parties.

As stated in the Charter, “reassignments of space contained within a functional unit, and any attendant costs, are ordinarily the responsibility of the administrator of that unit.” Thus the process described here pertains only to requests to transfer space between “functional units” on campus. Under RCM, functional units are equivalent to RC units.

**Space Transfer Process**

Proposals to reassign space on campus can be of two types:

A) The two units involved may be in agreement about the transfer, or

B) The units may disagree

Under the first condition, the proposal may be brought to SARRC as a simple listing of the spaces involved. SARRC will review the request and may ask for staff analysis of impacts, followed by committee decision.

Under the second condition, requests for transfer of space between RC units will begin with a proposal submitted to SARRC by the unit proposing to acquire the space in question. This proposal should contain:

1) A detailed description of the space(s) involved (e.g. building name and room numbers)

2) A full description of the proposed uses for those spaces

3) A description of the relevance of the transfer to University goals, as described in the Academic Plan and the Campus Master Plan

4) A quantitative and programmatic justification that space is needed by the receiving unit, and that the transfer will increase the efficiency of utilization and quality of programs; this justification should reference the unit’s three-year space utilization and needs plan

5) A projected budget for the costs of occupying and renovating the space, including the source of funds to be used for such expenses and the estimated on-going facilities charges for the acquired space

Prior to submitting a proposal to SARRC, the proposing unit must share its proposal with the unit to which the space is currently assigned. The affected units are expected to engage in good faith discussions intended to resolve the issues, resulting in a voluntary agreement. If a voluntary agreement is still not possible, the affected unit has the right to submit its request to maintain the
status quo (or to submit a counter-proposal) to SARRC. This response should be submitted to SARRC within 45 days of receiving initial notification from the proposing unit.

Upon receipt of a proposal and any response from the affected unit, SARRC will commission an independent analysis of the utilization of the spaces described and the financial and programmatic impact of the transfer on both units.

Upon completion of this analysis, the Vice President(s) responsible for the units involved will meet with the Deans and/or Directors and attempt to resolve any disagreements arising from the proposed transfer. If agreement is reached, the process described for condition A) above will be followed.

If agreement cannot be reached, SARRC will review all available information relating to the current and proposed use of the spaces involved. Voting members of the committee will decide, by simple majority, whether all, some, or none of the spaces will be transferred.

If a contested transfer is approved by SARRC, any change in space assignment will take place no sooner than 6 months, and normally no later than 9 months, after the date of approval.

All contested transfers will be reviewed for renewal or reassignment by SAARC three years after the date of the move.

Reassignment of Space
1) Units will be able to give up space at any point during the year and receive financial relief after SARRC approval if there is another unit willing to acquire the space. Once SARRC gives its approval, expenses will shift from one unit to the other. This transfer of expenses will be negotiated and processed at the BSC level; the current facilities allocation will not be modified.

2) Units will be able to give up “usable” space (space that can realistically be used by another unit) when there are no units identified to acquire the space, subject to SARRC approval. In these cases, the unit would receive reduced NSF costs in the following fiscal year. Unassigned space changes must be submitted to SARRC by January 31 for cost reduction consideration for the following year. All costs for unassigned space will be absorbed by all units through the NSF rate as the costs to maintain that space remains.

3) In the event SARRC must obtain space from units for purposes of Facilities “swing” space (space needed on a temporary or permanent basis
to accommodate construction projects), the unit providing the space would reduce its net square footage costs for that period of time.

The process for reassigning space is as follows:

1. RC units wishing to relinquish/acquire space must contact the Facilities Business Service Center and provide a complete description of the space they intend to relinquish or specifying the amount of space (NSF) required and the type of space (lab, office, etc.) desired. A unit relinquishing space may have identified a potential new user of the space.
2. The Facilities Business Service Center will forward the details of the request to SARRC which will review and consider the request for approval. SARRC will evaluate requests based on condition of, potential use of, and access to the space.
3. If approved by SARRC, the Facilities Business Service Center will be notified and will update the space file to reflect the change (effective the following fiscal year - see General Information above).
4. The Facilities Business Service Center will notify the RC unit of the change.
5. If not approved by SARRC, the Facilities Business Service Center will be notified of the reasons why and will in turn notify the RC unit.

**Acquiring New Space**
From time to time, new square footage will be added to the campus. Minor square footage additions will follow the procedures outlined above for existing space. This section is applicable for capital projects (construction of new buildings or major expansions/renovations). The following procedures apply to new space:

1. SARRC is responsible for space assignments in the new building. Space assignments must be communicated to the Facilities Business Service Center.
2. The Facilities Business Service Center is responsible for measurements and drawings for the new space. The characteristics of the new space will be recorded in the space file database once all measurements are confirmed.
3. The space file ‘Net Square Footage at January 31st’ of any given year will be used as the basis for the Facilities Services allocation to all units for the following fiscal year. Any new space added after this point will not be included in the allocation base until the following fiscal year. New space will not be added to the allocation base until the square footage can be reasonably estimated.
4. There are incremental costs that will be incurred by Facilities Services to maintain the new space - utilities, maintenance, housekeeping, etc.
To the extent they can be forecasted, the incremental costs will be built into the Facilities Services budget.

5. All costs associated with "swing space" are assigned to Facilities Services and are reallocated to the RC units using the NSF and billing methodologies. This is because use of this space is not permanent and units should only be charged directly for "permanent" use of space.

6. In addition, the following must be considered by a unit when evaluating the creation of new space:
   - If construction of a new building is State-funded, the University will include in its request to the State funding for incremental Operations and Maintenance (O&M) costs. The Central Budget Committee will determine any adjustment (increase) to the RC unit's permanent funding sources to offset the incremental costs in the RC unit's Facilities Services allocation.
   - If construction of a new building is Federally-funded, it is assumed the activity will be associated with research that will presumably generate incremental F&A cost recovery to fund the incremental RC unit space costs. If incremental F&A cost recovery is not adequate to cover a significant portion of incremental facilities costs, a request for an additional allocation from the University can be submitted to the Central Budget Committee, although funding is not guaranteed.
   - If construction of a new building is from private gifts, the institution should not accept the gift unless the RC unit has identified sufficient funding to cover the incremental O&M costs.
   - If construction of a new building is from HEFA bonds, O&M costs should be covered through a corresponding increase in student fees or charge-out rates to external users.

7. In the case of auxiliary buildings, auxiliary operations are expected to cover the annual operating costs from their operating budgets on year 1 of occupancy. Funding may come from increased mandatory fees or rates as well as reductions in other areas. All other buildings will be phased in for the occupying unit(s) according to the following schedule:
   - Year 1: No NSF charges for the incremental NSF
   - Year 2: One-Quarter the total NSF charges for the incremental NSF
   - Year 3: One-Half the total NSF charges for the incremental NSF
   - Year 4: Three-Quarters the total NSF charges for the incremental NSF
   - Year 5 and beyond: Unit is fully responsible for 100% of the total NSF charges for the incremental NSF.
**Space Transfer Form**

A Space Transfer Request Form was developed to gather all appropriate information for approval by SARRC (Space Allocation, Repairs and Renovations Committee) per UNH Property Policy [http://www.usnh.edu/olpm/UNH/VI.Prop/Default.html](http://www.usnh.edu/olpm/UNH/VI.Prop/Default.html).

**F. Operation and Maintenance of Property**

1. The Space Allocation, Repairs and Renovations Committee Space Transfer Process

1.2 Process. Proposals to reassign space on campus can be of two types:

1.2.1 (A) the two units involved may be in agreement about the transfer, or (B) the units may disagree.

1.2.1.1 Under the first condition (A), the proposal may be brought to SARRC as a simple listing of the spaces involved. SARRC will review the request and may ask for staff analysis of impacts, followed by committee decision.

Steps to Complete the Space Transfer Request Form:

1. Open the Space Transfer Request form template located on SharePoint.
   [https://share.unh.edu/sites/finance >> Groups >> Faculty and Staff >> Budget Development >> Space Transfer](https://share.unh.edu/sites/finance >> Groups >> Faculty and Staff >> Budget Development >> Space Transfer)

2. Either the current owner or the new owner of the space may initiate the Space Transfer Request Form.

3. The initiating RC unit completes the following sections:
   - **Header Information**
     - Current Date (date initiated)
     - Building and room number(s) associated with the move
     - Current net square footage assigned to the space
     - Expected date of transfer
   - **RC unit Information**
     - RC unit occupying (or receiving) the space & department contact information. If a unit wishes to give up space with no known receiver, enter “Facilities / Campus Planning” in the Receiver of Space field.
     - RC unit contact information
     - Acceptance of space transfer (are all the parties involved in agreement?)
• Additional comments concerning the transfer
• RC unit head approval (Yes/No) and name of RC unit head
• VP associated with the RC unit (enables an FYI to be sent prior to SARRC meeting regarding the transfer)

Select File, then “SAVE AS” to save the request document. Then send an email to the other RC unit involved and attach the saved request form to the email. If there is no known receiver, send the email to Campus Planning (david.clark@unh.edu).

4. Upon receipt of the email and attached request form, the other BSC/RC unit:
   • Reviews section 3.1 and completes section 3.2
   • Select File, then “SAVE AS” to save the request document
   • Send an email to Campus Planning (david.clark@unh.edu) and the Facilities BSC (Tracy.Boyle@unh.edu) and attach the saved request form to the email, including any additional backup information pertinent to the move.

5. Campus Planning / Facilities Services receives the request and:
   • Reviews with Facilities Design and Construction the space being transferred to assure all pertinent information is proved to SARRC.
   • Confirms the exact Net Assignable Square Feet will via the space database.
   • Emails the final saved template to ALL parties involved, including Department, BSC Director, RC Unit Head, and appropriate VP(s), including the anticipated SARRC meeting date at which the request will be presented.

6. SARRC reviews the transfer and provides decision of the space transfer.

7. Once the SARRC decision is completed, the VPFA office will notify all parties involved of the decision and the process involving the RCM accounting of the transfer.
3.9 Central Administration Funding

3.9.1 Background

Over the first ten years of RCM, central administration units have been provided funding based on the levels of revenue generated and personnel expenses. Under “RCM 3” effective July 1, 2011, funding for central administration units is based on a percentage share of designated revenue streams. The funding structure for central administration provides financial accountability to the University community as central administration units must operate within the constraints of funds provided by the central administration percentage share of the designated revenue streams. The Central Budget Committee must review and make recommendations to the President approve any changes to the central administration percentage share.

Each year, the total amount of funding available for central administration funding is determined by actual revenues. From these revenues the following areas must be funded: Institutional fund (e.g., legal, insurance and USNH costs primarily), General Administration, President, Advancement, Research, Information Technology, Mail Services, Library, Athletics, Enrollment Management and Academic Affairs. A process has been developed to determine funding for each central administration area each year.

3.9.2 Process of Funding Central Administration Units

- In January, the VPFA Office will provide each central administration unit with a preliminary “status quo” expense budget using the current year end projections and applying approved budget guidelines. A comparison of the preliminary “status quo” budget will be made to the allocation proceeds to ensure that sufficient funds are available to fund the status quo budget. If not, the “status quo” budget will be reduced proportionately to match the assessment proceeds amount.

- By March 15 each year, each central administration unit will provide a formal budget request to the cabinet and President. The budget request must contain the following:
  - Written description of the unit, departments and programs, unit activities and how it supports the University’s mission.
  - Financial results for the past three years, current year budget and projection and projection for the next three years and reserve levels.
  - Historical and projected faculty and staff FTE data by employee type.
  - Narrative explaining current and future financial projections, staffing changes, strategic initiatives, opportunities and challenges.
  - Requested funding level for the next fiscal year.
• Any accompanying reviews or benchmarking of department.
• By March 31, the cabinet will review the budget requests and provide input to the President. The cabinet will deliberate and make a recommendation to the President on funding levels for each area.
• If additional funding is required through the assessment on revenue streams, the Central Budget Committee should review and make a recommendation to the President regarding a change.

3.9.3 Specific Sources of Funding

In summary, Central Administration will be funded from the following revenue streams:
• % of Undergraduate academic year credit course net tuition
• % of Graduate academic year credit course net tuition
• % of Differential tuition
• % of January Term and Summer Session tuition (Undergraduate & Graduate)
• % of Continuing Education academic year credit course net tuition (Undergraduate & Graduate)
• % of gross mandatory fees, room and board (exception: Technology Fee, Athletics Fee, Student Activity Fee and Student Health Benefit Plan)
• % of Facilities & Administrative Cost Recovery revenue
• State Appropriations
  o % of PAU State Appropriation Allocation
  o Any revenue collected over and above approved central administration budget will go to University Strategic funding.
• % of other Student Fees, Other Operating Revenue and other Sales of Auxiliary Services from current unrestricted funds (E&G, Internally Designated, Auxiliary)
3.10 President’s Strategic Initiative Funds

The purpose of the President’s strategic funds is to provide a funding source for University strategic initiatives that ensure fulfillment of goals outlined in the Strategic Plan.

The President’s Strategic Initiative funds will be funded from the following sources:
- Unrestricted, undesignated gifts
- 1/3 of Ecoline reserves, when applicable
- % on actual full fringe-eligible salaries and wages (fund types: E&G, Auxiliary, Internally Designated)

3.10.1 Strategic Funding Goals

UNH strategic funding goals are:
- Develop an annual strategic funding pool of $10 million by 2017
- Have clear and transparent criteria for proposals and investments
- Monitor and communicate results of investments

3.10.2 Strategic Initiative Process

Goal #1 – Develop an annual strategic funding pool of $10 million by FY17
- Direct all unrestricted gift bequests to the central fund and increase undesignated gift funding from $885k currently to $2.5 million by FY17.
- Increase the “tax” on revenue streams to generate $7 million annually from $2.5 million. Phase in over 5 years beginning in FY12.
- % RCM assessment on full fringe-eligible salaries and wages for Fund Types: E&G, Auxiliary, and Internally Designated.

Goal #2 – Have clear and transparent criteria for proposals and investments
- Up to $50k per year will be allocated for President/VP discretionary fund purposes
- Proposals can be submitted by any RC unit to their responsible VP throughout the year. To be considered, proposals must:
  - Help achieve the goals of the UNH Strategic Plan
  - Require at least $100,000 in one time funding
  - Demonstrate a positive return on investment to UNH
- VP’s will vet their proposals and bring forward those they feel best match the criteria to the cabinet. Cabinet will review proposals in April of each year and make decisions using the following criteria:
- Degree of alignment with the UNH strategic plan
- Cost vs. available funding
- Level of unit funding match
- Degree to which unit can absorb ongoing costs/commitments of proposal
- The degree to which the proposal impacts the entire university
- Decisions will be communicated to the VP

**Goal #3 - Monitor and communicate results of investments**
- The VPFA Office will be responsible for monitoring funding and available funds and providing the report quarterly to the cabinet
- Each VP will be responsible for reporting at least annually on the results of the prior investments
- An annual strategic investment report will be drafted and communicated to the UNH community

### 3.10.3 Strategic Fund Flow and Funding Sources
3.11 RCM Accounting

The following revenue streams are allocated to RC units and Central Administration under RCM:

- Undergraduate net tuition: allocation and off-the-top % to Central Administration
- Graduate net tuition: off-the-top % to Central Administration
- Graduate net tuition (Intercollege): allocation and off-the-top % to Central Administration
- Summer Session & January Term & Continuing Education net tuition: allocation and off-the-top allocation to Central Administration
- Mandatory Fees, Room and Board: off-the-top allocation to Central Administration
- State Appropriation: allocation and off-the-top % to Central Administration
- Facilities & Administrative (F&A) Cost Recovery: allocation and off-the-top % to Central Administration
- Other Revenue (current unrestricted- E&G, Internally Designated and Auxiliary funds): off-the-top allocation to Central Administration

The following expenses are allocated to RC units under RCM:

- Facilities Assessment (in some cases, Facilities E&CD and O&M may direct charge certain auxiliary units for actual water/sewer and energy costs) and related MUB occupancy assessment

Many of these revenues and expenses are initially recorded in central accounts at a level of detail that supports financial reporting (e.g., in-state vs. out-of-state undergraduate tuition). The VPFA Office budgets the anticipated revenue and expense allocation to each RC unit and Central Administration. The revenues and expenses are allocated periodically via JV by the VPFA Office using unique account codes. The allocations within the unique account codes net to zero across UNH and the central accounts have a remaining balance of zero. See Appendix C for a list of specific account codes used for allocations to the RC units.

### Timing of Allocations/Assessment and Mechanism

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Mechanism</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Undergraduate Net Tuition AY allocation (includes differential tuition)</td>
<td>Manual JV</td>
<td>Semester: Fall, October, Spring, year-end</td>
</tr>
<tr>
<td>*Intercollege Graduate Tuition allocation</td>
<td>Manual JV</td>
<td></td>
</tr>
<tr>
<td>*Continuing Education Tuition AY allocation (Undergrad and Grad)</td>
<td>Manual JV</td>
<td></td>
</tr>
<tr>
<td>*Graduate School Manchester Center (GSMC) allocation to UNHM to cover overhead</td>
<td>Manual JV</td>
<td>Quarterly: Sep, Oct, Feb, 13th month</td>
</tr>
<tr>
<td>*Summer Session Tuition</td>
<td>Manual JV</td>
<td>By end of Sept</td>
</tr>
<tr>
<td>*January Term Tuition</td>
<td>Manual JV</td>
<td>By end of Feb</td>
</tr>
<tr>
<td>*State Appropriations</td>
<td>Feed</td>
<td>1/12 per month</td>
</tr>
<tr>
<td>*F&amp;A Cost Recovery- PI Share</td>
<td>Manual JV</td>
<td>August</td>
</tr>
<tr>
<td>*Revenue Retention Entries: Tuition (other than UG and CE AY), Fees, Sales of Aux Rev</td>
<td>Manual JV</td>
<td>Oct, Feb, Jun, 13th month</td>
</tr>
<tr>
<td>Expense Category</td>
<td>Mechanism</td>
<td>Frequency</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------</td>
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<td>--------------------------------</td>
</tr>
<tr>
<td>*Revenue Retention Entries: Other Operating Revenue (Not: tuition, fees, &amp; Aux rev)</td>
<td>Manual JV</td>
<td>Sept, Dec, Mar, Jun, 13th month</td>
</tr>
<tr>
<td>*Facilities Assessment and MUB Occupancy Assessment (except for those units that are directly billed for maintenance &amp; utilities)</td>
<td>Feed (w/ full year enc)</td>
<td>1/12 per month</td>
</tr>
<tr>
<td>*Funding of Central Admin Units</td>
<td>Feed</td>
<td>1/12 per month</td>
</tr>
<tr>
<td>*Strategic Initiative Assessment on Full Fringe-Eligible Salaries &amp; Wages</td>
<td>Manual JV</td>
<td>Sept, Nov, Jan, Mar, May, Jun, 13th mo</td>
</tr>
<tr>
<td>Strategic Funds Allocations- Manual JV as needed</td>
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</table>
4. Reserves

4.1 Policy on Current Fund Reserves (Revised 10/10)

The University System Board of Trustees has a responsibility to “manage all income received and due from all sources including the authority to use the same in such manner as the trustees may determine.” The President of UNH has been delegated the responsibility and authority for:

- Assuring that units function with proper internal control procedures such that all budgets remain balanced and within authorized limits;
- Assuring that any and all transactions requiring higher level review and/or approval are identified and forwarded in an appropriate and timely manner; and
- Assuring explanations and documentation of authorized adjustments, transfers, and/or revenue/expense patterns be provided in an appropriate and timely manner to officials for reporting purposes.

These responsibilities require that the University manage its finances prudently to maintain and enhance the fiscal health of the institution and support the UNH Strategic Plan. One critical component of financial management at UNH is the management of financial reserves. Financial reserves are generated from unspent funds of the institution from all funding sources. Financial reserves allow the University to protect itself against funding shortfalls and unanticipated expenses and plan for investments in strategic initiatives and physical plant. Financial reserves also allow the University to achieve greater debt capacity and maintain its bond rating.

The University has decentralized responsibility for the management of financial reserves to responsibility centers; however, the overall responsibility for the use and level of reserves rests with the UNH President. What follows is a policy for the management of financial reserves at UNH. The policy is organized into sections, each delineating the policy by type of fund. Units must actively manage reserves for all funds under its control and account for reserve balances in all short term and long term plans.

General and Auxiliary Fund Reserves

General funds are used to record tuition, Facilities and Administrative (F&A) recovery from grant activity, state appropriations, and the bulk of our academic and central administrative costs. This fund receives the most attention from the USNH Board of Trustees. The USNH Board of Trustees has policies in place regarding the use of reserves by USNH and individual campuses.
Per Board of Trustee Policy, UNH must maintain a reserve balance equal to 3% of the prior year’s general fund expenditures plus transfers. The UNH President has the authority to use general fund reserves in any one year in an amount up to .5% (five tenths of one percent) of prior year expenditures and transfers, if the use does not reduce the remaining balance below the 3% minimum. Use of general fund reserves between the .5% and 1% levels must be approved by the Chancellor. Use of general fund reserves above 1% requires Board of Trustee Financial Affairs Committee approval.

The UNH Office of the Vice President for Finance and Administration (VPFA) is responsible for monitoring overall reserve use within USNH policy limits, reporting the same to the President, and duly informing the President of any instance of need to obtain System or Board approvals.

Auxiliary enterprises of the University of New Hampshire are responsible for their own revenue stream (derived primarily through mandatory student fees or fee for service) and from that revenue stream funding their own expenses – direct and indirect as well as debt service and renewal and replacement of plant and equipment. Auxiliary operations are responsible for the generation and maintenance of financial reserves to help address operating budget shortfalls and planned investments. Generating net revenue gains annually should be part of every auxiliary enterprise budget in order to ensure that adequate reserve balances are available for sustaining the plant and equipment operated by the auxiliary enterprise.

The appropriate general and auxiliary fund reserve level for each RC unit is between 6% and 10% of prior year general fund and auxiliary fund expenditures and transfers, respectively. Generally, a unit with low variability in its revenues, or operating with a low risk profile, i.e., a more diversified set of revenues and controllable expenditures, will have a reserve target closer to 6%. A unit with a high risk profile, i.e., reliance upon less diversified set of revenues and less control over expenditures, will have a reserve target closer to 10%. The VPFA Office works annually with each RC unit to determine the appropriate reserve level during the budget development process using the matrix in Appendix A. The specified reserve level is the \textit{MINIMUM} reserve level a unit must maintain.

RC units may use General and Auxiliary Fund Reserves to:

1. Cover operating losses, in which case the unit must have a mitigation plan subject to the approval of the appropriate Vice President, the Vice President for Finance and Administration and the President. Mitigation plans are required even in instances when the use of reserves for this purpose sustains reserve levels above the \textit{MINIMUM} reserve level. See 4.2 Oversight for Operations in Financial Difficulty.
2. Cover program enhancements, such as investments in equipment or start-up costs for faculty or new programs.

Specific approvals:

1. The RC unit head may utilize up to 20% of the unit's beginning current fund reserve balance without any additional approval during the fiscal year as long as the amount used does not bring the reserve balance below 6% of operating reserves for that unit.

2. The appropriate Vice President and the Vice President for Finance and Administration must be notified within 30 days of any use of reserves in order to review the planned use and assure overall reserve balances are in compliance with USNH Policy and evaluate the impact on the overall UNH balance sheet.

3. Any use of reserves above 20% of the beginning reserve balance or use of reserves that would bring the balance below the minimum level requires the approval of the appropriate Vice President and the Vice President for Finance and Administration.

4. Exception for COLSA: COLSA will contribute $100,000 each year starting in FY12 through FY16 to the negative reserve balance. Any net revenues beyond that will accrue to a separate reserve fund for COLSA’s use in accordance with the reserve policy above. This will be reviewed again during the scheduled RCM review no sooner than FY17.

Internally Designated Fund Reserves

Internally designated funds are unrestricted operating funds that have been designated for a specific purpose by UNH or USNH administration. This designation can be removed at any time by UNH or USNH administration making those funds available for general operations. Internally designated activities are generally self-supporting (revenues greater than or equal to expenses) and are accounted for in individual funds. Examples include: annual workshops and conferences, research support or enhancement funding for faculty, and internal grants from central administration to departments or PI’s. Internally designated funds are not allowed to have deficits.

Reserves accumulated in these funds can be used for the purpose of one-time investments in the designated activity (in the case of a Principal Investigator fund or a faculty startup fund), to protect against future downturns in revenues (in the case of a research or academic center) or assist in the funding of general fund activities of the RC unit. Reserves should not be held without a purpose for their use. Reserve balances will be monitored by Business Service Centers and the VPFA Office for their use and size.
**Gift/Grant Fund Reserves**

Gift and grant funds are externally restricted as to their use. Gift funds must be expended in accordance with donor restrictions and grant funds must be expended in accordance with the stipulations in the grant/contract. Thus, any reserve funds that exist can only be used for those purposes and cannot be used for general operations of the University. Gift and grant fund reserves should be part of an RC unit’s financial plan and should be leveraged to the fullest extent possible to help reduce financial pressures on general funds.

**Unexpended Plant Funds:**

All units must account and accept responsibility for their own equipment, vehicles and physical assets including buildings (in the case of auxiliary units, UNHM and certain outlaying properties). University-wide Renewal and Replacement (R&R) funds are limited to academic, research and administrative buildings and infrastructure and no central funds exist for the replacement of equipment, vehicles, etc. Therefore, RC units should carry reserves in Unexpended Plant Funds for replacement of equipment and vehicles and if applicable, capital projects using a replacement schedule.

- As part of the annual budget process, each RC unit should develop and update an annual asset replacement schedule. The schedule should at a minimum list each item’s cost, date purchased, projected replacement date, anticipated replacement value, and annual anticipated contributions to and expenses against reserves for each asset for each year.

- For capital projects, the RC unit should develop a funding schedule based on the anticipate date of the project, projected cost and the annual anticipated contribution to reserves to meet the schedule.

- In order to utilize unexpended plant fund reserves, the RC unit head must inform the responsible Vice President and Vice President for Finance and Administration as to the nature of the use of reserves.

- Units should budget any anticipated uses of reserves for the coming year during the budget process. Budgeted use of reserves in the original budget counts toward the one year authorized use for the coming year requiring RC unit head approval.
Operational Reserves - Minimum Target Matrix

<table>
<thead>
<tr>
<th>Makeup</th>
<th>6%</th>
<th>8%</th>
<th>10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
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<td>Low</td>
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<td></td>
<td></td>
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<tr>
<td>Variability</td>
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<td>Low</td>
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<tr>
<td>High</td>
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<tr>
<td>Influence</td>
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<tr>
<td>High</td>
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<td>Low</td>
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</table>

**Makeup**
Makeup is the diversity of revenue sources under the responsibility of a RC unit. A greater mix of revenue sources will reduce the effect of a change in one source, but a higher dependence on one or two revenue sources is problematic for operations. If a unit has less diversification of revenues, the unit should have a higher reserve target and if a high diversification of revenues, a lower reserve target should be established.

**Variability**
Variability is the change over time of a revenue or expense category. A revenue or expense that has a high variability is difficult to predict and can cause operating problems. If a unit’s revenues or expenses are highly variable, a higher reserve target should be established and if revenues and expenses are not variable, a lower reserve target should be established.

**Influence**
Influence is the degree to which a unit can affect revenues and expenses. If actual revenues or expenses can be highly influenced by a unit e.g. the unit has control over the results, a lower reserve target should be established. Conversely if a unit has little control or influence over revenues and expenses, a higher reserve target should be established.

**Using the Matrix**
A unit with a low diversification of revenue (makeup), high variability of revenues and/or expenses, and low influence over revenues and expenses requires a reserve target of 10%. A unit with a high diversification of revenue (makeup), low variability of revenues and/or expenses, and high influence over revenues and expenses requires a reserve target of 6%.

**USNH Policy on General Fund Reserve Access**
UNH has the authority to use campus reserves in any one year in an amount up to .5% of prior year expenditures and transfers, including financial aid, if the reserve level is in excess of the minimum. Use of overall General Fund Reserves between the .5% and 1% levels may be approved by the Chancellor. Use of General Fund Reserves above 1% requires Board approval. The minimum target for General Fund Reserves is 3% of prior year expenditures and transfers. The
UNH Budget Office is responsible for monitoring overall reserve use within USNH limits and flagging for the President, any need to obtain System or Board approvals.

4.2 Oversight for Operations in Financial Difficulties

Overseeing the financial operations of the University is primarily the responsibility of the President and Vice President for Finance and Administration. Under RCM, the Vice Presidents are accountable for the financial performance of the RC units that fall under their direction. Below are the general guidelines the VPFA Office uses to monitor units that have operating deficits. Resolving operating deficits is a University priority and need to be addressed in a timely manner.

This should be used as a guideline for the oversight necessary for RC Units in deficit. Each situation is unique; therefore, specific oversight plans may differ from the procedures below. The specific oversight plan will be determined by the President in consultation with the VPFA and responsible VP.

**Financial Projections**
Four times per year, the RC Unit with a cumulative or annual deficit will produce financial reports for the VPFA and responsible Vice President with written summaries of significant variances.

**Mitigation Plan**
The RC unit head is responsible for the development and updating of a comprehensive mitigation plan that results in financial solvency within a specified time period (normally not to exceed 3 years) set by the VPFA and the responsible VP. The plan should describe what actions the unit will take to enhance revenues and/or decrease expenses, when those actions will occur and who is responsible for those actions. The mitigation plan should also describe how the proposed actions would impact the unit’s ability to work toward the goals outlined in the University’s Strategic Plan.

**Mitigation Meetings**
The RC unit head and unit financial director will meet with the responsible VP and VPFA at least quarterly during a fiscal year. The meetings will include a review of the most recent financial projections and progress on mitigation efforts as outlined in the unit mitigation plan.

**Budget Changes**
It is anticipated that any excess funds generated from revenue or personnel turnover will fall to reserve (to reduce the deficit). In the event that unanticipated revenue is generated from a new program, the appropriate Vice President may approve some use of these revenues to cover additional unanticipated expenditures or strategic investments.
5. UNH Policy on Internal Fees

Many UNH departments provide services and/or use of space to other UNH departments. The provision of internal services, and the fact that charges may be levied for such services, is appropriate to promote the judicious application of UNH resources. This policy is intended to govern fees charged primarily to internal users where the internal user has no input on the rate being charged.

**Application**

This policy does not apply to:

- Fees paid by students
- UNH departments with a customer base that is predominantly external. (External users are defined as any entity or person whose financial operations are not recorded in USNH financial records.) In these cases, fee-for-service rates are set considering relevant external industry standards, and may or may not apply those rates to internal departments. (An example is the Whittemore Center Arena).
- Service Centers- UNH departments with a primary purpose of providing, for a fee, specific technical or operational services primarily to internal users- see [USNH Policies & Procedures Chapter 2](#).
- Agreements negotiated between parties. For example, Department A negotiates with Department B to provide services for a fee of $1,000.
- RCM Facilities Assessment, which goes through a separate Central Budget Committee review process.

**Approval Process**

The VPFA Office will provide deadlines, forms and policies on internal fees in early February. By March 15 of each year, RC units must submit a complete internal fee inventory to the VPFA Office with the following format and information:

<table>
<thead>
<tr>
<th>Name of Fee</th>
<th>Responsible Dept.</th>
<th>Description of fee</th>
<th>Reason/Justification for Fee</th>
<th>Billing Unit (e.g. per hour, per sheet, etc.)</th>
<th>Prior FY Fee Revenue</th>
<th>Projected Current FY Fee Revenue</th>
<th>Current Rate</th>
<th>Proposed Rate (effective 7/1/CY)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Coordination of the internal fee inventory for each RC unit will be the responsibility of the BSC Director. BSC Directors must review and approve their internal fee inventory prior to submission to the VPFA Office.
All internal fees will be subject to the approval of the VP for Finance and Administration or his/her designee. Fees with proposed increases above inflationary levels and new fees must be accompanied by a rationale for the request. Inflation levels will be based the Higher Education Price Index (HEPI). The VPFA Office will communicate with each RC unit about the approval status of all fees submitted.

**Reporting and Accountability**
Once fees are approved, the Fee Inventory will serve as the official record, which will be posted by the VPFA Office to SharePoint [https://share.unh.edu/sites/finance](https://share.unh.edu/sites/finance) under Groups >> Faculty and Staff >> Internal Fees and Service Centers.

**Other UNH departments providing various services**
For UNH departments with a primary purpose of teaching, research, public service, advancement, student services, or general administration supporting those activities, units should determine the incremental costs (labor, supplies, renewal, replacement, and overhead) of providing the goods or services to internal users. A rate should only be charged when:

1. The providing unit will incur material incremental costs as a result of providing the service. This is subject to interpretation by the RC unit but a guideline that can be used is that in order for a cost to be considered material, it must be greater than $500 over the course of a year.

2. The service is available to more than one unit. Service with one unit should be negotiated via a memorandum of understanding (MOU). A copy of each MOU should be sent to the VPFA Office for review and recording. Rates should be developed by the responsible Business Service Center (BSC) based on input by the department and approved by the BSC Director and RC Unit head prior to submission to the VPFA Office.
6. RCM Tools

The UNH Budget Office has developed some useful tools to assist RC units in determining the RCM impact on academic programs. These tools are available on SharePoint https://share.unh.edu/sites/finance under Groups >> Faculty and Staff >> RCM Tools and Methodologies >> RCM Financial Analysis Tools.

6.1 Academic Course Analysis Tool

This tool calculates net tuition and the break-even enrollment for an academic year or summer undergraduate course based on user inputs.

6.2 New Program Budget

This tool is used to calculate the estimated financial affect of a new undergraduate or graduate program. The template includes nine years of analysis.

6.3 Budget Construction Worksheet

This tool is used to calculate the estimated financial affect of a new undergraduate academic program. The template includes six years of analysis.
7. Policy and Procedure for Establishing New Positions

This policy and set of procedures is intended to clarify the approval process for new positions.

Policy

All new positions not included in an RC unit’s budget request require the approval of the RC unit head and the Vice President for Finance and Administration Office unless otherwise stated. As part of the strategic planning process, the VPFA Office, each RC unit and their respective VP Office will review salary expense as a component of the unit budget and available funding.

Procedure for approval of on-going new positions

A request for approval must be sent to the UNH VPFA Office and is to include the following:

- A description of how the position advances the programmatic needs of the unit
- A plan that documents how the position and related expenses will be funded, either through additional revenue or expense reallocation.
- The VPFA Office will respond to the requestor, with approval or denial.
- If approved, the requestor is to submit a Position Description Questionnaire (PDQ) and associated documents to UNH HR for formal classification review. (Note: Faculty, Librarian, Academic Administrator, and Principal Administrator positions do not require a PDQ.)
- Upon classification, a position number will be issued and the BSC will be notified of the classification and the assigned salary range. If the first quartile of the range exceeds the estimated/approved budget amount by $5,000, then the unit must submit a revised funding plan for approval as described above.

Exceptions

1. New permanent faculty and librarian positions require the approval of the Provost.

2. New permanent research faculty positions require the approval of both the Senior Vice Provost for Research and the Provost.

3. An RC unit administrator (or designee) or VP can create term, temporary, hourly and grant positions. (Grant positions may only be used in conjunction with sponsored grants or contract and may not be funded via the general fund.)
4. If a new position is supported by the MIS fund (1DK042), appropriate approval by the Vice Chancellor for Financial Affairs/Treasurer is required.

5. The transfer of one position from one RC unit to another or between fund groups is not considered a new position for the receiving RC unit.

6. A reclassification of an existing position which results in change of 3 salary ranges or more will require the submittal of a funding plan for approval.

7. This policy does not apply to graduate positions.

**Filling the Position**

After the position is classified, a unit may advertise the position. Appropriate Human Resource and Affirmative Action policies for filling the position must be followed.

**Definitions**

A grant position is supported by externally funded grants or contracts. These may be permanently budgeted positions.

A temporary appointment is defined as an appointment with temporary funding for a specified period of time.

A Term position is a temporary appointment to a position (position may have permanent funding) with a maximum duration of five years. A Term appointment is benefits-eligible if the appointment continues at least one year. Term appointments may be renewed annually.

This policy may be temporarily changed from time to time due to extenuating circumstances. Any temporary changes will be communicated to RC unit heads and BSC Directors.
Appendix A - UNH Service Units under RCM

Service Units Funded by Facilities Assessment (square footage)

| Facilities Services- Energy & Campus Development (E&CD) | • E&CD Administration  
|                                                     | • Campus Planning  
|                                                     | • Design & Construction  
|                                                     | • Energy & Utilities  
|                                                     | • Repairs and Renovations (General & ‘Greater Good’)  
| Facilities Services- Operations & Maintenance | • Facilities Administration & Operations  
|                                                     | • Automotive Services  
|                                                     | • Municipal Services  
|                                                     | • Academic Housekeeping  
|                                                     | • Maintenance Contracts  
|                                                     | • Zone Maintenance  
|                                                     | • Grounds and Events  
|                                                     | • Lock Shop  
|                                                     | • Central Receiving/Stock Room  

Service Units are funded by percentage of selected revenue streams (net tuition, F&A cost recovery, mandatory fees/room/board, and other revenue) and a portion of state appropriation. Not all programs listed within each administrative RC unit are centrally supported; many are self-supporting or funded through grants and contracts.

| General Administration | • President’s Office  
|                       | • Community, Equity & Diversity, including Affirmative Action  
|                       |   o Advancement, including UNH Foundation  
|                       | • Finance and Administration  
|                       |   o Office of the VP for Finance & Administration  
|                       |   o Human Resources  
|                       |   o Central Administration BSC  
|                       |   o Business Services  
|                       |   o Procurement Services  
|                       |   o University Police  
| Institutional Fund | • Support to USNH (Controller’s Office, IT, Disbursement Services, Chancellor’s Office, Internal Audit)  
|                       | • Legal  

| Information Technology | • Insurance  
| • IT Administration  
| • Client Services  
| • Enterprise Technology Services  
| • IT Business Service Center  
| • Project Management Office  
| • Broadband Services  
| • Strategic Technology  
| Academic Affairs | • Office of the Provost and Vice President for Academic Affairs  
| o Academic Affairs BSC  
| o Faculty Development  
| o Faculty Scholars  
| o Faculty Senate  
| o Academic Technology  
| o Office of Sustainability  
| o Outreach Education  
| • Academic Affairs  
| o ROTC  
| o Center for International Education (CIE)  
| o Discovery Program  
| o Honors Program  
| o University Advising & Career Center  
| o Center for Teaching Excellence  
| o International Students & Scholars (OISS)  
| o Undergraduate Research Opportunity Program (UROP)  
| o International Research Opportunities Program (IROP)  
| o Orientation & First Year Programs  
| o University Writing Center  
| • Graduate School  
| o Carsey  
| • Student Services  
| o Disability Services for Students  
| o Center for Academic Resources (CFAR)  
| o Residential Life  
| o Student Activities  
| o Judicial & Mediation Program  
| o Health Services  
| o Counseling Center  
| o SHARPP  
| • Research  
<p>| o Office of the Senior Vice Provost for Research |</p>
<table>
<thead>
<tr>
<th>Library</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment Management</td>
</tr>
<tr>
<td>• Admissions</td>
</tr>
<tr>
<td>• Financial Aid</td>
</tr>
<tr>
<td>• Registrar’s Office</td>
</tr>
<tr>
<td>• Institutional Research &amp; Assessment</td>
</tr>
<tr>
<td>Office of Sponsored Programs Administration</td>
</tr>
<tr>
<td>Animal Resource Office</td>
</tr>
<tr>
<td>Environmental Health &amp; Safety</td>
</tr>
<tr>
<td>Instrumentation Center</td>
</tr>
<tr>
<td>Research Computing</td>
</tr>
<tr>
<td>Interoperability Lab</td>
</tr>
<tr>
<td>UNHInnovation (includes NH Innovation Research Center, NH EPSCoR Program, Intellectual Property Management)</td>
</tr>
</tbody>
</table>
Appendix B - RCM Allocation Methodology – Historical View

The following chart outlines the changes to the RCM methodology from inception to today.

### Revenues

<table>
<thead>
<tr>
<th>Category</th>
<th>Centralized System – Pre FY01</th>
<th>RCM System FY01 – FY06</th>
<th>RCM System FY07 – FY11</th>
<th>RCM System – FY12 and beyond</th>
</tr>
</thead>
</table>
| **Undergraduate Net Tuition**   | Received by Central Administration and not reallocated | • Library receives 2% of net tuition.  
• DCE receives 15% of prior year non matriculated student tuition.  
• Remainder allocated to academic units based on weighted credit hours taught. Averaged over 2 years and weighted based on expense per credit hour.  
• Inco courses assigned to Academic Affairs.  
• Special programs (ESL and study away receive gross tuition directly) | • Library receives 2.5% of gross tuition.  
• Academic Affairs receives 2.5% of gross tuition.  
• Outreach Education and Summer Session receives 15% of prior year non matriculated student tuition.  
• Remainder allocated to academic units based on weighted credit hours taught. Averaged over 2 years and weighted based on expense per credit hour.  
• Inco courses assigned to RC unit teaching course  
• Special program credit hours (ESL and study away programs) added to credit hour allocation base beginning in FY08. | • Undergraduate Gross Tuition & Financial Aid allocated to units based on weighted credit hours taught using prior 2 calendar year credit hour average (for UNH-Durham only).  
• % of UNH-Durham and UNH-Manchester Undergraduate Net Tuition allocated to Central Administration after the fact.  
• Credit Hour weightings adjusted from FY07-FY11 system. | |
| **Graduate Net Tuition**        | Most received by Central Administration and not reallocated. Some designated programs allowed to keep revenues | • Library receives 2% of gross tuition.  
• All remaining revenues directed to unit of matriculation, financial aid the responsibility of unit of matriculation. Intercollege program (MA in Environmental Ed and PHD in NRESS) revenues flow to Graduate School. Administrative costs funded and remainder allocated to unit of instruction based on credit hours taught.  
• Center for Graduate and Professional Studies revenues flow to UNHM and 7% allocated to graduate school. Overhead allocation made to UNHM. | • Library receives 2.5% of gross tuition.  
• Academic Affairs receives 2.5% of gross tuition.  
• All remaining revenues directed to unit of matriculation, financial aid the responsibility of unit of matriculation. Intercollege program (MA in Environmental Ed and PHD in NRESS) revenues flow to Graduate School. Administrative costs funded and remainder allocated to unit of instruction based on credit hours taught.  
• Center for Graduate and Professional Studies revenues flow to UNHM and 7% allocated to graduate school. Overhead allocation made to UNHM. | • Graduate Gross Tuition & Financial Aid flows directly to unit of matriculation. (credit hours not weighted)  
○ Exception: Intercollege is manually allocated to units based on credit hours  
• % of UNH-Durham, UNH-Manchester, and UNH Law* Graduate Net Tuition allocated to Central Administration after the fact.  
(*UNH law allocation started in FY15) | |
| **Summer Tuition & January Term Net Tuition** | Net revenue allocated to units engaging in activity | • 2% of tuition allocated to Library.  
• 15% of prior year revenues allocated to DCE.  
• Remainder of tuition allocated to units based on | • 2.5% of tuition allocated to Library  
• 2.5% of tuition allocated to Academic Affairs.  
• 15% of prior year revenues allocated to Outreach | • Net tuition allocated to unit based on credit hours taught (not weighted).  
• % of UNH-Durham and UNH-Manchester Summer Session & January Term |
### Continuing Education Net Tuition (AY)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
</table>
| Net revenue allocated to units engaging in activity | 2% of tuition allocated to Library.  
15% of prior year revenues allocated to DCE.  
Remainder of tuition allocated to units based on weighted credit hours taught.  
Special programs (Math Institute, ESL, Writing Institute, Washington Internship) receive tuition directly. |

### Differential Tuition

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received by unit of activity</td>
<td>No change from Centralized System</td>
</tr>
</tbody>
</table>
| Net tuition allocated to unit based on weighted credit hours taught using prior 2 calendar year credit hour average.  
% of UNH-Durham and UNH-Manchester Continuing Education (AY) Net Tuition allocated to Central Administration after the fact. |

### Mandatory Fees, Room & Board and Sales of Auxiliary Services Revenue

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received by unit of activity</td>
<td>No change from Centralized System</td>
</tr>
</tbody>
</table>
| Mandatory fees, room and board revenue flows directly to appropriate RC unit.  
% of revenue from Mandatory Student Fees, Room and Board and sales of auxiliary services allocated to Central Administration after the fact.  
Exception: Deferred Maintenance Assessment, Technology Fee, Athletics Fee, Student Health Insurance Benefit Plan Fee, SHARP Fee, Student Activities Fee. |

### State Appropriations

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
</table>
| Appropriation units receive designated share, remainder of revenue received by | Program Allocation Units (PAU’s) units receive designated share  
approximately 20% to Library |
| PAUs receive designated share  
~5% to the Library  
~45% to academic and research units based on weighted faculty salaries |
| PAUs receive designated share, after % taken off the top and allocated to Central Administration  
A portion to Resident Financial Aid, including |
### Central Administration and not reallocated
- 30% to academic and research units based on faculty salaries (excluding graduate students and extension faculty)
- remainder for hold harmless/strategic funds

### F&A Cost Recovery Allocation
- 13.5% to PI named in grant
- Various percentages to research centers
- Remainder to Central Administration.

### Interest Income
- Received by Central Administration
- Received by Central Administration used to offset USNH costs

### Grants
- Received by host unit of grant
- No change from Centralized System

### Gifts and Endowment Payout
- Received by unit designated in gift
- No change from Centralized System

### Student Fees (e.g., Course fees)
- Received by unit offering course
- No change from Centralized System

### Other Operating Revenue
- Received by unit of activity
- No change from Centralized System

### Expenses
<table>
<thead>
<tr>
<th>Category</th>
<th>Centralized System – Pre FY01</th>
<th>RCM System FY01 – FY06</th>
<th>RCM System FY07 – FY11</th>
<th>RCM System – FY12 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>Funded by unit</td>
<td>No change from Centralized System</td>
<td>No change from Centralized System</td>
<td>No change from Centralized System</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>Funded by institution</td>
<td>Funded by unit</td>
<td>No change from RCM System FY01-FY06</td>
<td>No change from RCM System FY01-FY06</td>
</tr>
<tr>
<td></td>
<td>Funded by</td>
<td>No change from Centralized System</td>
<td>No change from Centralized System</td>
<td>No change from Centralized System</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------------</td>
<td>----------------------------------</td>
<td>----------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td><strong>Travel, Equipment, Supplies, and Other Expenses</strong></td>
<td>unit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RCM S&amp;W Strategic Initiative</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Facilities Services Assessment</strong></td>
<td>Only charged to auxiliary units</td>
<td>Charged to most units based on net square footage occupied. Major auxiliaries pay based on consumption</td>
<td>Same as RCM System FY01-FY06 with the exception that all units share in institutional R&amp;R funding</td>
<td>No change from RCM System FY07-FY11</td>
</tr>
</tbody>
</table>
| **Institutional Overhead** | Only charged to auxiliary units | • Academic affairs assessment charged to academic units only.  
• General assessment charged to all units.  
• Both assessments allocated to units based on 50% personnel expenses (all funds) and 50% revenues (all funds). Revenues exclude:  
  • Transfers in  
  • University fund allocations  
  • Revenues for mandatory debt payments  
  • Grant revenues that fund equipment, financial aid, subcontracts and indirect cost expenses  
  • Endowment income | • General assessment charged to all units (academic affairs assessment combined with general assessment)  
• allocated to units based on 50% personnel expenses (all funds) and 50% revenues (all funds). Personnel expenses exclude:  
  • Graduate stipends  
  • Revenues exclude:  
    • Transfers in  
    • Financial aid  
    • University fund allocations  
    • Revenues for mandatory debt payments  
    • Grant revenues that fund equipment, financial aid, subcontracts and indirect cost expenses  
    • Endowment income | • General Assessment eliminated |
| **Depreciation** | Charged to campus | No change from Centralized System | No change from Centralized System | No change from Centralized System |

3.5% assessment on full fringe-eligible salaries and wages. Fund types included: E&G, Auxiliary, Internally Designated
### Appendix C - RCM Rates - Historical

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>RCM System – FY12 and beyond</th>
<th>FY12 Rates</th>
<th>FY13 Rates</th>
<th>FY14 Rates</th>
</tr>
</thead>
</table>
| Undergraduate Net Tuition (AY)                        | • Undergraduate Gross Tuition & Financial Aid allocated to units based on weighted credit hours taught using prior 2 calendar year credit hour average (for UNH-Durham only).  
  • % of UNH-Durham and UNH-Manchester Undergraduate Net Tuition allocated to Central Administration.  
  • Credit Hour weightings adjusted from FY07-FY11 system. | 25.6% UNHD  
  10% UNHM                                              | 25.6% UNHD  
  10% UNHM                                              | 26.5% UNHD  
  10% UNHM                                              |
| Graduate Net Tuition (AY)                             | • Graduate Gross Tuition & Financial Aid flows directly to unit of matriculation (credit hours not weighted).  
  o Exception: Intercollege is manually allocated to units based on credit hours  
  • % of UNH-Durham, UNH-Manchester and UNH Law* Graduate Net Tuition allocated to Central Administration. (*UNH Law allocation started FY15) | 15% UNHD  
  10% UNHM                                              | 15% UNHD  
  10% UNHM                                              | 15% UNHD  
  10% UNHM                                              |
| Summer Session & January Term Net Tuition             | • Net tuition allocated to unit based on credit hours taught (not weighted).  
  • % of UNH-Durham and UNH-Manchester Summer Session & January Term net tuition allocated to Central Administration. | 15% UNHD  
  10% UNHM                                              | 15% UNHD  
  10% UNHM                                              | 15% UNHD  
  10% UNHM                                              |
| Continuing Education Net Tuition (AY)                 | • Net tuition allocated to unit based on weighted credit hours taught using prior 2 calendar year credit hour average.  
  • % of UNH-Durham and UNH-Manchester Continuing Education (AY) Net Tuition allocated to Central Administration. | 15% UNHD  
  10% UNHM                                              | 15% UNHD  
  10% UNHM                                              | 15% UNHD  
  10% UNHM                                              |
| Differential Tuition                                 | • Differential tuition flows directly to the unit.  
  • % of Differential Tuition allocated to Central Administration. | 15%         | 15%         | 15%         |
<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>RCM System – FY12 and beyond</th>
<th>FY12 Rates</th>
<th>FY13 Rates</th>
<th>FY14 Rates</th>
</tr>
</thead>
</table>
| Mandatory Fees, Room & Board and Sales of Auxiliary Services Revenue | • Mandatory fees, room and board revenue and sales of auxiliary services revenue flow directly to appropriate RC unit  
• % of Revenue from Mandatory Student Fees, Room and Board and sales of auxiliary services revenue allocated to Central Administration.  
• Exception: Deferred Maintenance Assessment, Technology Fee, Athletics Fee, Student Health Insurance Benefit Plan Fee, SHARRP Fee, Student Activities Fee | 13% | 13% | 13.5% |
| State Appropriations | • PAUs receive designated share, after % taken off the top and allocated to Central Administration  
• A portion to Resident Financial Aid, including ACE; incremented in future years  
• Remainder for Central Administration and Strategic Initiatives | 5% | 5% | 5% |
| F&A Cost Recovery Allocation | • % to Principal Investigator support funds  
• % to Central Administration  
• % to host unit of grant  
  • Unit share defaults for grants in units other than PI’s home unit*:  
    o home/host split for research faculty  
    o home/host split for split funded faculty  
    o home/host split for instructional faculty  
  (* negotiable between units) | •10% PI  
•24% Cent.  
•66% Unit  
  o5%/61%  
  o14%/52%  
  o24%/42% | •10% PI  
•24% Cent.  
•66% Unit  
  o5%/61%  
  o14%/52%  
  o24%/42% | •10% PI  
•24% Cent.  
•66% Unit  
  o5%/61%  
  o14%/52%  
  o24%/42% |
| Gifts and Endowment | Received by unit designated in gift | | | |
| Grants | Received by host unit of grant | | | |
| Interest Income | Received by Central Administration – Used to offset expenses to USNH | | | |
| Student Fees (e.g., course fees) | • Student fee revenue flows directly to appropriate RC unit.  
• % of student fee revenue allocated to Central Administration after the fact (UNHM exempt) | 15% | 15% | 15% |
<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>RCM System – FY12 and beyond</th>
<th>FY12 Rates</th>
<th>FY13 Rates</th>
<th>FY14 Rates</th>
</tr>
</thead>
</table>
| Other Operating Revenue  | • Other operating revenue flows directly to appropriate RC unit  
                          | • % of Current Unrestricted Other Operating Revenue allocated to Central Administration | 15%        | 15%        | 15%        |
| Expense Category         | RCM System – FY12 and beyond | FY12 Rates | FY13 Rates | FY14 Rates |
| RCM S&W – Strategic Initiative | • Other operating revenue flows directly to appropriate RC unit  
                          | • % of Current Unrestricted Other Operating Revenue allocated to Central Administration | 3.5%       | 3.5%       | 3.5%       |
### ALLOCATIONS TO UNITS

<table>
<thead>
<tr>
<th>Description</th>
<th>Account Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNH Undergraduate Tuition (AY credit) Allocation</td>
<td>513030 RCM Allocation Undergraduate Tuition</td>
</tr>
<tr>
<td>UNH Undergraduate Financial Aid (AY credit) Allocation</td>
<td>722110 RCM Allocation Undergraduate Financial Aid</td>
</tr>
<tr>
<td>UNH Graduate Tuition (Intercollege- AY credit)</td>
<td>513020 Intercollege Graduate Tuition Allocation</td>
</tr>
<tr>
<td>UNH Graduate Financial Aid (Intercollege- AY credit)</td>
<td>722105 Intercollege Graduate Financial Aid Allocation</td>
</tr>
</tbody>
</table>
| UNH Summer Session- Undergraduate & Graduate Tuition Allocation             | 513010 RCM Allocation Summer Continuing Education Undergraduate Tuition  
513015 RCM Allocation Summer Continuing Education Graduate Tuition |
| UNH Summer Session- Undergraduate & Graduate Financial Aid Allocation       | 722125 RCM Continuing Education Aid Allocation |
| UNH January Term- Undergraduate & Graduate Tuition Allocation              | 513075 RCM Allocation January Term Undergraduate Tuition  
513070 RCM Allocation January Term Graduate Tuition |
| UNH Continuing Education AY- Undergraduate & Graduate Tuition Allocation   | 513085 RCM Allocation Continuing Education AY Undergraduate Tuition  
513080 RCM Allocation Continuing Education AY Graduate Tuition |
| UNH Continuing Education AY- Undergraduate & Graduate Financial Aid Allocation | 722125 RCM Continuing Education Aid Allocation |
| State Appropriations                                                        | 520131 State Appropriations- PAU Allocation  
520151 State Appropriations- Critical Needs  
520171 State Approp-Unit Allocation |
| F&A Cost Recovery                                                           | 533105 Internal F&A Allocation |
| Facilities Assessment                                                       | 760105 RCM Facilities Assessment  
760106 RCM Occupancy Assessment-MUB |
| RCM S&W – Strategic Initiatives                                             | 760180 RCM S&W – Strategic Initiative |

### % OFF THE TOP TO CENTRAL ADMINISTRATION

<table>
<thead>
<tr>
<th>Description</th>
<th>Account Code</th>
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<tbody>
<tr>
<td>UNH &amp; UNHM Undergraduate Net Tuition Off-The-Top Allocation to Central Administration</td>
<td>760171 RCM - Undergraduate Net Tuition Reallocation</td>
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<td>UNH, UNHM, &amp; UNHL Graduate Net Tuition Off-the-Top Allocation toCentral Administration</td>
<td>760172 RCM - Graduate Net Tuition Reallocation</td>
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<td>UNH &amp; UNHM Summer Session, January Term, Continuing Education AY Net Tuition Off-The-Top Allocation to Central Administration</td>
<td>760173 RCM - Continuing Education Net Tuition Reallocation</td>
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<td>Mandatory Fees, Room &amp; Board Off-The-Top Allocation to Central Administration</td>
<td>760174 RCM - Sales of Auxiliary Services Revenue Reallocation</td>
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<tr>
<td>PAU Off-The-Top Allocation to Central Administration</td>
<td>520131 State Appropriations- PAU Allocation</td>
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<tr>
<td>Other Revenue Off-The-Top Allocation to Central Administration</td>
<td>760175 RCM - Student Fee Revenue Reallocation</td>
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<tr>
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<td>760176 RCM - Other Operating Revenue Reallocation</td>
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<td>(Note: the Off-the-Top Allocation for Internally Designated Funds Other Revenue will come from the unit E&amp;G fund)</td>
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<tr>
<td>F&amp;A Cost Recovery Allocation to Central Administration</td>
<td>533105 Internal F&amp;A Allocation</td>
</tr>
<tr>
<td>Allocation of funding to the central administration units (from Fund 1UURCM/1AURCM to the units)</td>
<td>760170 RCM – Allocation to Central Admin Units</td>
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