



COLLEGE-WIDE GUIDE

Enterprise Model Budget Guide

Responsible Entity: President of the UC Enterprise

Functional Area[s]: Business

Approved Date: 06/03/2022

Guidelines

1. BUDGET MODEL OVERVIEW

- 1.1. Each Sustainable Education Business Unit [SEBU] generates revenue and incurs variable operating expenses while operating on its own Profit and Loss [P&L] Statement. SEBUs have to account for fixed expenses such as property taxes, debt, depreciation and other expenses dictated by the Unity College Enterprise [UCE]. Mature SEBUs are expected to operate on a positive margin whereby total revenues exceed fixed and variable expenses. In some cases, individual programs or ventures within a SEBU may also have their own Profit & Loss Statement and/or Balance Sheet so their viability can be evaluated individually. .
- 1.2. Functional Area leaders are responsible for the budgets of the UCE, and except for Development, UCE is not revenue generating. UCE resources may be dedicated or allocated to SEBUs by Functional Area leaders in collaboration with the SEBU leaders and those resources are reflected in the SEBU budget.
- 1.3. The new Enterprise Model budget provides each SEBU and the UCE with individual P&L statements in order to measure financial viability and aid in strategic financial decision-making.

2. GENERAL BUDGETING GUIDELINES

- 2.1. Unity College's budget structure aligns with its Enterprise Model which is built on Functional Areas, SEBUs and Units.
- 2.2. SEBU expenditures and revenue intake will conform with UCE business processes.
- 2.3. All Unity College finances and business practices will be overseen by UCE.
- 2.4. Each SEBU will be treated as an independent revenue and expense center. Each SEBU will have a SEBU budget and be isolated from all other SEBUs.
- 2.5. The annual budgeting process for SEBUs and Functional Areas will be managed as a part of the annual Unity College budgeting process and will follow all deadlines, benchmarks, processes, formats, and authorizations associated with that process.
- 2.6. Administrative overhead margins and all other financial expectations will be established by the Unity College President.
- 2.7. The Functional Area leaders and SEBU leaders are ultimately responsible to stay within revenue and expense budgeted expectations.
- 2.8. Once the bottom-line budget number for expenses has been approved it is immovable on an annualized basis and tracked monthly. Any change deemed necessary must be brought to the attention of the Head of the Business Office and the President. Should the change be approved the budget manager will be notified in writing by the President and/or the Head of the Business Office. Budget variances either positive or negative must be approved by the President.
- 2.9. The overall Unity College margin [revenues less expenses as a percent of revenues] shall not shrink without the President's knowledge – there can be no unplanned deficit.
- 2.10. Senior Staff makes recommendations on budget priorities and advises on College-Wide budget



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decisions.

- 2.11. In compliance with accreditation standards, Unity College maintains a clear budget process. The Head of the Business Office will develop, implement, and communicate the budget process with all Functional Area leaders, SEBU leaders and budget managers where applicable. Senior Staff reviews and recommends the budget for approval by the President and the Board of Trustees.

3. ENTERPRISE MODEL BUDGET FRAMEWORK

- 3.1. The Unity College budget identifies Tiers to clarify revenue streams and expenses within the Enterprise Model organizational structure. These will be reflected in one annual budget and tracked monthly.

Tier 0: Revenue

Revenues – i.e. income

- Tuition and Fees
- Federal and State Grants
- Private Gifts
- Auxiliary Enterprises
- Other Sources

Tier 1: Decentralized/Direct Expenses

Direct Expenses managed by a decentralized Unit of the SEBU – these are expenses under the purview of the Head of the SEBU. Examples include:

- Instructional supplies
- Printing
- Marketing for Student Recruitment

Tier 2: Centralized/Dedicated Expenses

Expenses managed by centralized Units in the UCE but dedicated to support SEBUs. These expenses are under the purview of the Head of a Functional Area in collaboration with the Head of the SEBU. Examples include:

- Insurance
- Software Licenses
- All expenses associated with positions dedicated to a SEBU
- Utilities

Tier 3: Enterprise Allocation

Enterprise Allocation Indirect operating expenses managed by the Enterprise that cannot be dedicated or attributed to a specific SEBU are allocated among SEBUs and the cost to support them must be within 20 to 30% of the total UCE budget and shall not exceed 30% of the total UCE budget. Tier 3 expenses include centralized Unit operating expenses. Examples include:

- Enterprise Staff not dedicated to a SEBU
- Professional fees



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The net Enterprise expenses are allocated across SEBUs annually using an allocation methodology based on the established target expenses for each SEBU as a percent of total expenses of all SEBUs. For example, if one SEBU's expense target is \$15M, another is \$10M, and another is \$5M, the allocation is a percentage would be 50% to the first SEBU, 33% to the second, and 17% to the third SEBU.

The allocation methodology is intended to motivate and support entrepreneurship and is subject to change as determined by the President and UCE.

Tier 4: Adjustments to Increase/(Decrease) in Net Assets

Tier 4 Adjustments to Increase/(Decrease) in Net Assets include Capital Expenses [CapEx], Strategic Investments [SI] and other non-operating investment expenses for the Enterprise or a SEBU. These investments may be made independently of the operational profits and losses and are evaluated independently – they are not included in the Profit and Loss Statement as they may have alternative funding sources such as grants, loans, cash reserves, or strategic investment funds. SI is intended for initiatives that may stimulate growth and therefore incur some degree of acceptable risk.

Tier 4 investments are intended to catalyze new business development above and beyond operating activities. These are expenses the College has agreed to fund to support infrastructure or further diversify revenues. In the case of SI, if the investments do not produce a Return on Investment [ROI] within a fixed period of time, the investment will be reassessed. At first, SI is a non-operational deficit; if an investment is successful, it will become part of the operational budget in future years.

Assets acquired through Tier 4 investments will be either amortized or depreciated within the SEBU or Unit. Examples include:

- Capital Expenditures [CapEx]
- Technology investments
- Operating scalability

Additionally, interest rate swaps, endowment gains or losses, and principal payments are accounted for in Tier 4.

4. PROFIT & LOSS STATEMENT

- 4.1. The profit and loss [P&L] statement summarizes the revenues and expenses incurred during the fiscal year and is tracked monthly. The head of each SEBU is responsible for projecting and managing revenues and operating expenses on their P&L.
- 4.2. A SEBU's P&L includes Tiers 0, 1, 2, and 3. Specific programs or ventures within a SEBU may have their own independent P&L that rolls up to the overall SEBU so that they can be evaluated independently. All SEBU P&L Statements roll up into a College-Wide P&L Statement.



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4.3. Sample College-Wide Annual Budget

Tier 0 Revenue
Tier 1 & 2 Expense
Tier 3 Net Expense

Unity College Sample Annual Budget	Enterprise Budget	SEBU 1 Budget	SEBU 2 Budget	SEBU 3 Budget	SEBU 4 Budget	Unity College Budget
Revenues:						
Tuition & Fees	\$ -	\$ 25,000,000	\$ 6,000,000	\$ 3,500,000	\$ 1,500,000	\$ 36,000,000
Less Institutional Aid (Endowed Scholarships)	-	-	-	-	-	-
Net Tuition & Fees	-	25,000,000	6,000,000	3,500,000	1,500,000	36,000,000
Private Gifts	200,000	100,000	-	-	-	300,000
Auxiliary Enterprises	-	-	600,000	-	-	600,000
Other Sources	50,000	-	-	-	-	50,000
Transfers In/Out	-	-	-	-	-	-
Total Revenues	250,000	25,100,000	6,600,000	3,500,000	1,500,000	36,950,000
Expenses:						
Academics	-	5,100,000	2,000,000	750,000	450,000	8,300,000
Advancement	1,500,000	7,000,000	1,000,000	500,000	-	10,000,000
Business	950,000	250,000	125,000	100,000	-	1,425,000
Executive	1,250,000	-	-	-	-	1,250,000
Facilities Management	800,000	250,000	200,000	200,000	300,000	1,750,000
Information Technology	1,000,000	1,000,000	450,000	900,000	250,000	3,600,000
Human Resources	650,000	200,000	50,000	200,000	150,000	1,250,000
Diversity & Inclusion	75,000	25,000	5,000	2,000	1,000	108,000
Student Success	-	5,000,000	900,000	200,000	800,000	6,900,000
Sustainability	350,000	200,000	100,000	1,000,000	25,000	1,675,000
Total Expenses	6,575,000	19,025,000	4,830,000	3,852,000	1,976,000	36,258,000
Inc / (Dec) to Net Assets before Enterprise Allocation	(6,325,000)	6,075,000	1,770,000	(352,000)	(476,000)	692,000
Enterprise Allocation	6,325,000	(4,053,941)	(1,029,200)	(820,803)	(421,056)	-
Inc / (Dec) to Net Assets after Shared Services Allocation	-	2,021,059	740,800	(1,172,803)	(897,056)	692,000

Enterprise Allocation % (based on expense)

64%

16%

13%

7%



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4.4. Sample SEBU P&L

UNITY COLLEGE				Centralized/Dedicated Expenses (Tier 2)	
SEBU 2 Profit & Loss Sheet		Tier 0 Revenue		Operations	
		Tier 1 Expense		Academic Admin 1,000,000	
		Tier 2 Expense		Institutional Effectiveness -	
		Tier 3 Net Expense		Library & Information Resources -	
		Tier 4 Expense		Advancement Admin -	
				Integrated Enrollment Services 250,000	
				Development 100,000	
				Career Services 150,000	
				Student Financial Services -	
				Marketing 400,000	
				Business Admin -	
				Executive Admin -	
				Facilities Mgt Admin -	
				Maintenance -	
				Custodial -	
				Public Safety -	
				IT Admin 450,000	
				HR Admin -	
				Diversity & Inclusion Admin -	
				Student Success Admin -	
				Registrar -	
				Sustainability Admin 50,000	
				Total Operations 2,400,000	
				Total Centralized/Dedicated Expenses (Tier 2) 2,400,000	
				Enterprise Allocation (Tier 3) 1,137,466	
				Strategic Investments/Capital Requests (Tier 4)	
				Strategic Investment Buildout 2,000,000	
				Total Capital Request (Tier 4) 2,000,000	
DESCRIPTION	BUDGET				
Revenues (Tier 0)					
Tuition & Fees					
Tuition Revenue	5,965,000				
Certificate Revenue - Noncredit					
Orientation Fee	25,000				
Comprehensive Fee					
Graduation Fee	10,000				
Total Tuition & Fees	6,000,000				
Federal College Workstudy	-				
Federal SEOG	-				
Federal PELL	-				
State Grants	-				
Other Grant Revenue	-				
Private Gifts Unrestricted	-				
Private Gifts Restricted	-				
Auxiliary Enterprises	600,000				
Misc Revenue	-				
Total Revenues (Tier 0)	6,600,000				
Decentralized Expenses (Tier 1)					
AC					
Instructional	1,000,000				
Operations	1,000,000				
AD					
Recruitment	500,000				
Operations	500,000				
SS					
Academic Support	200,000				
Athletics	150,000				
Student Life	150,000				
Operations	500,000				
SU					
Aux Admin	20,000				
Aux Services	30,000				
Operations	50,000				
Total Decentralized Expenses (Tier 1)	2,050,000				



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4.5. Sample Functional Area Budget

UNITY COLLEGE							
Sample Functional Area Profit & Loss							
							Tier 0 Revenue
							Tier 1 Expense
							Tier 2 Expense
							Tier 3 Net Expense
							Tier 4 Expense
ACCOUNT	DESCRIPTION	ENTERPRISE	SEBU 1	SEBU 2	SEBU 3	SEBU 4	TOTAL COLLEGE
Information Technology Admin							
	Expenses	Tier 3	Centralized/Dedicated Expenses (Tier 2)				
	Office Supplies	5,000	-	-	-	-	5,000
	Food Costs	-	-	-	-	-	-
	General Supplies	-	-	-	-	-	-
	Small Equipment	-	-	-	-	-	-
	Printing	-	-	-	-	-	-
	Telephone	50,000	-	-	-	-	50,000
	Memberships	25,000	-	-	-	-	25,000
	Repairs & Maintenance	-	-	-	-	-	-
	Internet & Cable	50,000	-	-	-	-	50,000
	Misc Expense	-	-	-	-	-	-
	Professional Fees	-	-	-	-	-	-
	Training	-	-	-	-	-	-
	Software Support	270,000	500,000	200,000	300,000	100,000	1,370,000
	Hardware Support	-	-	-	-	-	-
	Software Licenses	600,000	500,000	250,000	600,000	150,000	2,100,000
	Travel - Mileage	-	-	-	-	-	-
	Travel - Airfare	-	-	-	-	-	-
	Travel - Rental Car	-	-	-	-	-	-
	Travel - Lodging	-	-	-	-	-	-
	Travel - Misc	-	-	-	-	-	-
	Total Operating Expenses	1,000,000	1,000,000	450,000	900,000	250,000	3,600,000



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5. STRATEGIC INVESTMENTS

The Head of a SEBU is responsible for recommending non-operating revenues, expenses, assets, and liabilities [Tier 4 Investments] that are needed to support the strategic direction of the SEBU. The recommendation needs to be supported by a well-developed business plan that includes a Return on Investment [ROI] analysis and a five-year projection report.

Rationale

This document serves as a companion guide to the Enterprise Model Central Guide. This document clarifies the budgetary strategy as well as standard accounting practices within the College-Wide budget.

Definition[s]

Allocation of Shared Cashflow Items	This value is allocating budgeted Enterprise capital purchases to the appropriate categories.
Amortization	Accounting technique used to periodically lower the book value of a loan or intangible asset over a set period of time.
Amortization Allocation	The actual allocation of an Amortization for an Enterprise asset as described above.
Assets	A resource with financial value that is controlled by the college.
Assumptions	Budget assumptions are the expectations of revenue and expenses for an upcoming fiscal year, and they help form annual budgets by providing starting numbers for planning.
Balance Sheet	Financial statement that reports a company's assets, liabilities and equity at a specific point in time, and provides a basis for computing rates of return and evaluating its capital structure. It is a financial statement that provides a snapshot of what a company owns and owes, as well as the amount invested by shareholders.
CapEx	The money the college spends to buy, maintain, or improve its fixed assets, such as buildings, vehicles, equipment, or land. The expenditures typically are valued over \$10,000 dollars and has a useful life over 1 year or increases the useful life of a fixed asset already in service.
Centralized Unit	Those Units that best serve UCE and SEBUs by being coordinated and standardized across Unity College [UC]. These units are shared services and represent the institutional perspective. Centralized Units are supervised by Chief Officers [CO] or the heads of the Functional Areas to which the Units belong.
Decentralized Unit	Those Units that best serve SEBUs by being differentiated within each SEBU according to specific SEBU needs. Decentralized Units are directly supervised by the Head of the SEBU and decisions and control about the implementation of activities are made at the SEBU level. Decentralized Units have some centralized assessment,



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compliance, and high-level policy provided by the Head of the Functional Area to which the Units belong. The Head of the SEBU has the final decision-making authority over decentralized Units unless the decision violates policy or compliance.

Depreciation	An accounting method used to allocate the cost of a tangible or physical asset over its useful life or life expectancy.
Depreciation Allocation	The actual allocation of Depreciation for Enterprise assets as described above.
Direct Expense	Expenses that are controlled by the budget manager and ultimately the SEBU or Functional Area, such as payroll and travel expenses. These are reflected on the monthly and annual Profit and Loss Statement.
Encumbrances	An outstanding commitment by an organization which require funds to be available for payments that are expected to be made during the current fiscal year. These expenses need to be captured in the budget to ensure proper and timely payment.
Enterprise Model	The organizational structure of Unity College consisting of distinct revenue generating entities managed and supported by centralized service entities.
Function or Functional Area	A task, process, or an area of responsibility that may include coordination of other Units with regard to the project or issue under consideration. Function describes generally what is needed to meet an initiative outcome.
Increase / [Decrease] to Net Assets per Audit Standards	The true net income including all non-cash and cash items [Tiers 0-4] that are reflected in the audited financials.
Liabilities	Something the college owes, specifically payables, accruals, debt, and other financial obligations.
Net Assets	The total assets of an entity, minus its total liabilities. The amount of net assets exactly matches the stockholders' equity or retained earnings of a business. In a nonprofit entity, net assets are subdivided into unrestricted and restricted net assets.
One-time Expenses	Are single instances that are not expected to recur [such as a facility upgrade].
Payables	Debts owed by the college for services rendered or performed.
Principal Payments On Debt Service	These values are payments towards the principal amount of a loan taken out by a company.
Prior Year Surplus Expenditures	This value refers to the dollar amount that was realized in the previous year above budget that may be spent in the next budget year.
Profit and Loss Statement [P&L]	Is a financial statement that summarizes the revenues, costs, and expenses incurred during a specified period, usually a fiscal quarter or year.
Receivables	Debts owed to the college by its customers/students for goods or services that have been delivered or used but not yet paid for.
Recurring Expenses	Refer to ongoing financial commitments required for operation [such as employee benefits].



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Senior Staff	Every function and unit are represented at the Senior Staff assembly. This group makes recommendations to the President regarding policy, finances, risk management, strategic directives, academics, student success, diversity and inclusion, human resources, infrastructure, information technology, and other initiatives. A series of standing and ad hoc Task Groups report into Senior Staff.
Strategic Investments	Investments in initiatives that may stimulate growth and therefore incur some degree of acceptable risk.
Sustainable Education Business Unit [SEBU]	One of several discrete organizational entities within the institution that serves as a revenue-generating component of Unity College in support of its mission and institutional goals.
Unit	The department, office, school, or even in some cases individual role responsible for meeting an initiative outcome. Units may be considered sub-functions.
Unity College [UC] or College-Wide	The institution and encompassing legal entity of Unity College.
Unity College Enterprise [UCE], Enterprise, or Shared Services	The centralized entity of Unity College that includes the Unity College President, her/his enterprise executive team, and any Functional Areas and Units that provide oversight and/or centralized services for the entire Unity College institution [UCE and SEBUs] as the primary purpose or function.
Unrealized Endowment Gains / [Losses]	This section refers to the market value adjustment of endowment gains or losses earned through interest and is market contingent. If the endowment suddenly made a high return, these numbers will go up, likewise if the endowment loses money the number will go down. They do not factor into cash flow.

Related Documents

GUIDE: [Enterprise Model Central Guide](#)

POLICY: [Annual Budget Creation Policy](#)

SOP: [Annual Budget Creation SOP](#)