

Date: May 21, 2021  
To: Chairs and administrators of L&S 131 programs  
From: James Montgomery, L&S Associate Dean for Fiscal Initiatives  
Re: **FY21 cost accounting for L&S 131 programs**

As explained in my [January 2020 memo](#), central campus asked L&S to implement new cost-accounting procedures for 131 programs starting in FY21. The goal is to more clearly demonstrate that our 131 programs are self-supporting, not making inappropriate use of 101 funds.

In future years, the new cost-accounting procedures will be integrated with the usual year-end 131 program accounting (i.e., revenue transfers between departments, and collection of campus and L&S taxes). However, for this initial year, the L&S Budget Office is implementing the new credits and charges in advance of other year-end accounting. This is intended to provide an opportunity for programs and departments to consider how they are affected by the new accounting procedures.

Along with this memo, you have received a report showing the credit hours taken in FY21 (fall 2020 and spring 2021) by your 131 program students in your home-department courses. Credit hours are determined by the campus CFI (credits follow instructor) methodology and are attributed to 101 funding or non-101 funding based on the instructor's funding source in the semester when the course was taught. Per the new cost-accounting policy, the 131 program account will be charged \$300 for each 101-funded credit (highlighted in yellow). In turn, the department will receive \$240 per credit through its tally sheet. Recognizing that tally sheets are denominated in 101 dollars (with fringes covered), the difference between the \$300 charges and \$240 credits reflects a 25% fringe adjustment.

As indicated in my January 2020 memo, both the 131 charge and 101 credit will be reviewed annually by campus. For FY22, we currently anticipate the 131 charge will increase to \$326 per credit (based on a UW System calculation), and that the 101 credit will rise to \$247 per credit (reflecting a new fringe adjustment of 32%). More generally, central campus may continue to revise 131 cost-accounting procedures to address potential concerns of UW System and other stakeholders. I will keep you updated if there are further modifications of accounting rules.

Inevitably, the payments from 131 programs to departments will vary somewhat from year to year (as program enrollments grow or shrink, and as course enrollment patterns vary). Nevertheless, for most programs, these payments are sufficiently large and stable to warrant an ongoing credit to the department's tally sheet. In this way, the estimated annual payment is incorporated into the department's overall ongoing tally sheet balance, augmenting the department's ability to make permanent budget commitments (e.g., hires or raises).

To implement, we have added a new sheet ("131 Cost Accounting") to the BSR for departments with 131 programs. The initial entries posted to this cost-accounting sheet are one-time credits representing the actual payments from 131 programs to the department for FY21. Following the format of other BSR sheets (TA/STS/staff budgets), the year-end calculations (blue rows) on the cost-accounting sheet show the one-time credit to the department's tally sheet for FY21. For FY22, we posted an ongoing charge to the cost-accounting sheet which is offset by an ongoing credit posted to the tally sheet. Essentially, we have used the actual FY21 payments to set the initial expectation of annual payments from the 131 programs. Next year, we will again post one-time credits to the cost-accounting sheet representing the actual payments from the 131 programs to the department for FY22. As determined by the year-end calculations, we will then post a one-time credit (charge) to the department's tally sheet if the actual

payments are higher (lower) than the initial expectation. The L&S Budget Office will adjust the ongoing tally sheet credit over time to reflect changes in the actual payments from the program. We tentatively plan to update the ongoing credit using a two-year rolling average of actual payments. The attached spreadsheet provides a hypothetical example to illustrate.

Updated BSRs with the new cost-accounting sheet will be uploaded soon to the L&S Box folders. Please let me know if you have any questions. Detailed questions about the credit hours report can also be directed to [Kimbrin Cornelius](#). Detailed questions about the BSR accounting can also be directed to [Mary Beth Roberts](#).