

Explanation of FRS BBAs and Revenue Operation and What is Happening in PeopleSoft

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Background:

There are two categories of Revenue Operations:

- Those Revenue Operations for which expenditure funding for each individual cost center is provided by the fees charged by that cost center and by the revenue received for those fees. These are known as umbrella operations because a number of small independent activities are grouped together under one Revenue Operation. Examples of these are Academic Instructional Activities and Continuing Education Development. In FRS each cost center in this category of Revenue Operation had a BBA. The BBA represented that cost center's share of the Revenue Operations Ending Fund Balance (assets).
- Those Revenue Operations for which the expenditure funding for each individual cost center is provided by one or more comprehensive fee(s) usually deposited into one (though sometimes more) cost center. Examples of these are Athletics and Physical Plant Labor Recharge.

Regardless of the category described above, each Fall year, each Revenue Operation submits to the Budget Office its proposed revenue and expenditure budget for the next fiscal year.

And, each year approved revenue and expenditure budgets are posted to the financial system. This posted budget is the amount of budget that the cost center has to spend for that year regardless of the BBA that was posted on the system.

Converting FRS Revenue Operation BBAs to PeopleSoft:

In FRS the BBA from the previous year was a budget entry posted to object code 9970. This was posted to show that cost center's share of the Revenue Operations assets – it was not there to add spending ability to the cost center.

BBAs did not convert from FRS to PS and indeed for Revenue Operations we would not want them to because in PeopleSoft they will not be budget entries as they were in FRS.

For Revenue Operations the previous year's BBA will not be a budget entry. Because it is that cost center's share of the Revenue Operation's assets it will be posted to reflect that. That means that the journal entry will be as a Fund Addition (see copy of report UMGL7045C).

These types of BBA journals do not need to be done each year – there are only done this first year – our conversion year.

In FY2004 the FY2003 yearend BBA will be the beginning Fund Balance for the individual cost centers.

Timeline – we've begun this work – UMass Extension has been done and Academic Instructional Activities will be posted soon if not already. Please feel free to email me if you wish to discuss your Revenue Operation's posting.