

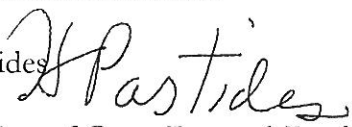


HARRIS PASTIDES  
PRESIDENT

June 22, 2010

## MEMORANDUM

To: Executive Council  
Council of Academic Deans

From: Harris Pastides 

Subject: Concentration of Carry Forward Funds

In order to deploy funds more effectively, we are instituting a small surtax on accumulated “A-funds” that have been carried forward from previous fiscal years. This applies only to the Columbia campus and will enable us to pool some one-time resources for important institutional objectives. I recognize that much of this funding has been set aside by units for planned uses, and a small surtax should in no way discourage careful marshaling of resources to support future outlays.

The tax will be in force for FY 2011 and FY 2012 only, coinciding with full review and revision of the budget model used on the Columbia campus. It will be based on “A-funds” carried forward as determined in August when our accounts are settled following the end of the fiscal year. In addition, the Budget Office will monitor other unit funds including E funds and transfers to and from W accounts.

The surtax is progressive and will be applied according to the following:

For carry forward that is no more than 5% of “A-fund” base budget, no tax will be applied. The portion of carryforward that is greater than 5% but less than 10% of “A-fund” base budget will be taxed at 5%. Carryforward amounts between 10% and 20% of base budget will be taxed at 7.5%. Amounts between 20% and 50% of base budget will be taxed at 10%, and amounts in excess of 50% of “A-fund” base budget will be taxed at 12.5%.

For example, suppose your unit had a “Base” Budget at the end of FY 2010 of \$8,395,283 and a carryforward balance at the end of FY 2010 of \$2,285,832. If you apply the scale above you will determine a surtax of \$144,630 (detailed computation is attached).

The funds raised will be accumulated for general institutional purposes requiring one-time outlays; e.g., classroom enhancements and deferred maintenance needs. The Provost and I, with support and guidance from the University Capital Planning Committee, will determine appropriate uses in consultation with you.

You will be notified by the University Budget Office once the surtax has been calculated by late August. If you have questions about the algorithm, please contact the Budget Office.

Thank you for your understanding and cooperation as we continue to manage our scarce resources to best effect.

c: Miles Loadholt, Chair, Board of Trustees

## CARRY FORWARD EXAMPLE

Base Budget	8,395,283		
Carry forward	2,285,832	Percent	27.23%
5% Tier of Carry forward	419,764	5% Exclusion (No Tax)	
2nd Tier 5% Carry forward	419,764	2nd 5% Carry forward	
3rd Tier 10% Carry forward	839,528	3rd 7.5% Carry forward	
4th Tier of Carry forward	606,776	4th 10% Carry forward	
Surtax Calculation			
1st Tier Under 5% No Tax	0		
2nd Tier 5% Carry forward	20,988		
3rd Tier 7.5% Carry forward	62,965		
4th Tier 10% Carry forward	60,678		
TOTAL Surtax	<u>144,630</u>		