Memorandum to Presidents

Date: January 20, 1975

From: Office of the Vice Chancellor for Finance and Business

Subject: Policy and Procedures on State University Income Fund Reimbursable Programs

The enclosed Policy and Procedures Statement has been approved by the central administration staff and the Division of the Budget, and shall become operable immediately.

This Statement sets forth the basis for the use of income fund reimbursable financing procedures, and will permit a controlled system of operation which will result in a smoother flow of transactions during the review and approval process.

Attachment

cc: Chancellor Boyer

This memorandum addressed to:
Presidents, State-operated campuses

This memorandum for information only to:
Presidents, Community Colleges
Deans, Statutory Colleges
Chancellor Kibbee
Dean McGrath
President Rose
President Corson
Mr. Tobin

RECEIVED

Jan 20 1975
Vice Chan
For Academic Programs
STATEMENT
OF
POLICY AND PROCEDURES
STATE UNIVERSITY INCOME FUND REIMBURSABLE PROGRAM

History

For many years, the State University of New York, on behalf of, and to the benefit of its many campuses has been the recipient of extra-mural funds for varied activities, mainly in the areas of research and educational experimentation. The timing of such grants and awards did not necessarily coincide with the Fiscal Year of the State of New York, and programs could not, in certain cases should not, be incorporated into Operating Budgets. The University, with approval of the Director of the Budget and the State Comptroller, thereby devised an acceptable procedure for immediate implementation of approved specified programs, namely, State University Income Fund Reimbursable.

Thus was added a new dimension to the State University Income Fund. The primary function of the State University Income Fund has been, since its inception, the funding of the State University Construction Program together with nominal support of Operating Budgets, after all Debt Service requirements and Reserves have been met.

Implicit in a Reimbursable Program's approval is the fact that the project itself must be self-supporting, including allowances for the consolidated Fringe Benefit rate, in such cases as warranted, and as determined annually by the State Comptroller.

As the University expanded, the Reimbursable device was extended to include many more diversified self-funding programs, explanations of which are to be found elsewhere in this statement; and the need for an all-inclusive Policy and Procedures Statement became evident.

Purpose

Essentially, there are five major funding mechanisms employed in the operation of most University Campuses:

1. Legislative Appropriations
2. Research Foundation
3. Faculty Student Associations
4. Local Foundations
5. Income Fund Reimbursable Programs
The first mentioned speaks for itself; the next three have been established for limited and specific purposes, and operate subject to specific charters, contracts, and prescribed budgetary and auditing procedures.

It is to Item Number 5, above, that this Policy Statement further addresses itself.

Some of the basic reasons for use of the Reimbursable funding device follow:

1. Changing rate structures and inflationary adjustments on income producing programs, which require continuing revisions to both the income and expense side of the ledger, need to be reflected as they occur.

2. New experimental programs, with strong client demand which cannot be programmed through the appropriation process in a timely manner, should be given consideration.

3. Selected program support from outside granting agencies, which influence the ongoing legislatively approved programs, and which could someday require State support, should be considered.

4. Programs established and funded from external granting agencies for a limited period and, with a specifically defined objective, require implementation.

5. The University and the State need to be fully aware of the extent and magnitude of those programs which are self-funding, and the income reimbursable process is more suitable than either local foundations or FSA funding mechanisms in terms of information reporting.

6. This process will allow a uniform approach to funding the many services the University provides to various individuals and groups beyond the regular student enrollees.

Definition and Categories

Reimbursable Programs may be sub-divided into four general categories, as follows:

1. Activities essential to campus operations and programs, having exact income/expenditure relationships.

   Example:

   a. Food Service
   b. Professional Fee Component
   c. Affiliated Contract Agreements, e.g. Downstate Medical Center
2. Academic Programs of experimental nature formulated after completion of appropriation process. (*See special requirements which follow)

Example:

a. Selected Continuing Education Credit Courses
b. Non-credit Continuing Education Courses
c. Third party agreements
d. Agreements with other Governmental Agencies for providing courses for employees

3. User Fees or Fines

Each Program Fee shall be authorized on an individual basis, and approved either by the University's Board of Trustees or (per designation) by the Office of Finance and Business.

Example:

a. Parking Fees and Charges
b. Maximum Facilities Utilization (tennis courts, swimming pools, bowling alleys)
c. Charge backs and Recharges from campuses for Central Services (O.C.L.C.)

4. Grants and Awards

This funding device will be implemented only in such cases where the grant activity cannot be appropriately administered by the Research Foundation. Also included are direct appropriations to another State Department or Agency subsequently transferred to campuses, with campuses serving as sub-contractors for the project.

Example:

a. Released time funding
b. Federal Grants via another State Agency
c. Einstein and Schweitzer Chairs

*Special Requirements for Category Number 2 - Academic Programs of experimental nature*

A. Definition and Explanation

1. An Income Fund Reimbursable account may be requested to support non-credit bearing offerings of a public service character in support of extension or continuing education, provided that:

a. It is demonstrably self-supporting
b. It is not an activity which has previously been rejected in the budget process
1. (Continued)

Students who have paid full tuition or who hold a valid tuition waiver and who wish to enroll in a non-credit activity financed by an income fund reimbursable account shall be required to pay the appropriate prorated share of the cost of the activity.

2. Income Fund Reimbursable accounts may be requested to support credit-bearing offerings until such time as it is possible to incorporate the programs into the operating budget, provided that:

a. The credit-bearing activity to be supported is financed through the IFR account for no longer than a maximum of two academic years. If continued beyond that period, the program must be included in the appropriate category of the operating budget.

b. It is demonstrably self-supporting.

c. It is within the academic mission of the campus and is consistent with the approved campus master plan.

d. It is not an activity that is included in the regular academic catalogue, nor is an activity currently offered in the regular academic program of the campus, except in unusual circumstances and with the approval of the Central Administration of the University.

e. It has the approval of the faculty and of the administrative officer who has responsibility for the total academic program of the campus (or his designee).

f. It is not an activity which has previously been rejected by the State University, nor been rejected in the budget process.

Before an Income Fund Reimbursable account is approved for a credit bearing activity, a campus must have met, or be reasonable assured of meeting, the currently budgeted enrollment goal. Campuses which do not meet their enrollment goals will be expected to finance such credit-bearing activities from the savings produced by the short-fall. Enrollment in credit-bearing IFR accounts will not be included in the campus FTE calculations nor included in the enrollment quota assigned to the campus by the University Master Plan. Students who have paid full tuition or who hold valid tuition waivers, and who wish to enroll in a credit-bearing activity financed by an IFR account, shall not be required to pay additional tuition or fees.

B. Procedure for Category 2 Programs

1. The request for an income fund reimbursable account in support of an academic offering, whether non-credit or credit-bearing, is to be submitted by the chief academic officer (or his designee) with his endorsement, to the Office of the Vice Chancellor for Academic Programs.
2. The Vice Chancellor for Academic Programs, in consultation with the appropriate Provosts and other members of the academic staff, will approve or disapprove the request on academic grounds.

3. If academic approval is granted, the request will be forwarded to the Office of the Vice Chancellor for Finance and Business, where the fiscal implications will be considered.

4. If the Office of Finance and Business approves the request, it will be forwarded to the Division of the Budget with University approval, and a request that such an account be established under the limitations of University policy.

5. Communication of University and Budget approval or disapproval will be made to the chief academic officer of the campus by the Office of Academic Programs.

Accountability and Control - All Income Reimbursables

In order to insure efficient management, the following procedural and reporting devices have been initiated:

1. Program Controls
   a. Central Administration will review all proposals as submitted by campuses and supported by contract or letter of intent.
   b. Central Administration will certify that the request meets the criteria of one of the four categories, and will submit to the Division of the Budget.
   c. Program financing will be established on a next regularly scheduled Budget Certificate of Approval.

2. Accountability Controls
   a. Each program will be assigned a specific account number against which all revenue and expenditures will be charged.
   b. Data on monthly revenue and expenditures shall be accumulated by account.
   c. Periodic calculation of fringe benefit charges will adjust individual account balances.
   d. Specific program and account data will be monitored, but fiscal control will be maintained by category.
   e. A quarterly review of the status of each category will be made. If deficits appear, the campus will be required to enforce expenditure controls within revenue levels, increase revenue, or discontinue programs.
   f. Quarterly reports for each category will be provided by Central Administration to the Division of the Budget. Monthly reports of revenue and expenditures for each specific account will be available for review, if requested.