A revised policy and revised guidelines for the Income Fund Reimbursable Program have been approved by the Division of Budget and become effective immediately. This policy is the culmination of efforts by both campus and Central Administration staff, working with Budget Division staff, to increase flexibility in IFR operations. The following policy statement replaces Memorandum to Presidents Vol. 75, No. 1 (January 20, 1975).

Summary of Revisions

In addition to the expanded principles and objectives of the IFR Program, the following highlights the new flexibility governing operations:

The level at which IFR programs are monitored and approved has been changed from individual accounts to clusters of accounts called Major Projects.

Allocation interchanges between Major Projects within Major Purposes will not require Division of Budget approval. These transfers only require Central Administration approval. Transfers within Major Projects only require campus approval.

The scope of and permissible timeframe for academic IFR programs have been expanded.

It will be possible to use IFR reserves for equipment replacement, repairs and renovations, and program stabilization.
Background:

On January 20, 1975, a policy and procedure statement governing the operations of Income Fund Reimbursables (IFR) was issued to each campus by the Office of the Vice Chancellor for Finance and Business. The policy statement provided general guidance covering the intended purposes of IFR programs, including a broad categorization of the types of activities and programs which would be conducted, and procedures required for accountability and control. Subsequent policy and procedural memos have been issued covering subjects such as a methodology for establishing overhead charges, disposition of positive and negative balances of program accounts, use of University facilities, reporting and justification requirements and policy governing fees, fines, rentals, deposits and other charges.

With the passage of time, management philosophies and perspectives on IFR programs have appropriately modified and their significant benefits to the State University of New York have been given greater recognition. The administratively burdensome operating practices which evolved in the past have been reexamined, and more flexibility has been provided to encourage the prudent and appropriate use of the IFR mechanism. This policy statement is a direct outgrowth of that stated goal.

Purposes:

The Income Fund Reimbursable funding mechanism is deemed essential for the effective operation of the University, under existing State laws, rules and regulations. It provides an acceptable funding device for SUNY activities operating on a self-supporting basis. IFR programs serve to recover costs expended in the accomplishment of SUNY's missions and to accommodate immediate opportunities which enhance the outreach of the University. These programs and activities generally do not conform with the timing of New York State fiscal and budgetary cycles and could not (and in certain cases should not) be incorporated into the regular General Purpose Budget.

The University, in order to respond promptly to opportunities and to fully utilize its existing facilities, programs, and people, relies upon the Income Fund Reimbursable as the essential mechanism to expend from and recover costs incurred as a result of the extension of activities and services beyond those activities budgeted through the other funding mechanisms.

The Income Fund Reimbursable mechanism is complementary to the other available funding mechanisms: Regular Operating Budget Appropriations; Research Foundation; SUNY Restricted Fund; SUNY Construction Fund; Local Campus Foundations; Auxiliary Services Corporation/Faculty Student Associations;
Alumni Associations; Clinical Practice Plans. Each of these funds, corporations and entities is specifically charged with the responsibility to receive and expend funds and/or operate programs for a general or restricted purpose. The Income Fund Reimbursable Program, established as a Special Revenue Fund, is the financial and administrative mechanism under which the University will interact with organizations and individuals, both internal and external to the University, to provide services and activities not budgeted within the regular operating budget and which are outside the restricted purposes of the other funds, corporations and entities. The Reimbursable Program entity operates and administers educationally related activity which augments the other funding mechanisms. It comprises income-producing programs integral to University objectives.

Objectives:

The Income Fund Reimbursable Program creates a mechanism for the University to operate and administer educationally related activities according to the following objectives:

1. To receive and expend without restriction external funds other than those external funds which would normally be received by the Research Foundation, local foundations, FSA's, etc., on behalf of the University.

2. To conduct activities or provide services for students, clients and others who will be charged fees for such service, the sum of which is intended to be equal to the direct and appropriate indirect expenses of providing such activities and/or services.

3. To recover costs from agencies or organizations using University property or services.

4. To conduct activities under contract with a group of individuals, an organization or any public or private corporation providing needed services to the University where the University in the first instance has charged students, clients, reimbursement agencies and others a fee for those same services.

Principles:

The following principles shall govern the operation of IFR programs and activities:

1. There will be a common structure of major accounts which shall be called major IFR projects which comprise each of the major purposes of IFR activities. Addendum I lists the Major Project structure.
University administration is responsible for identifying and defining these major projects in a manner consistent with the definition of the major purpose.

Campus administrations are responsible for determining and describing individual subprojects (accounts) to be operated under each major project, consistent with the definition of that major project and major purpose.

2. The University assumes full responsibility for maintaining the IFR program under a concept of self-sufficiency. The University will define IFR Major Projects as self-sufficient when they operate on an accrual basis break-even, allowing for necessary reserves.

3. Campus administrations will be directly responsible for determining and maintaining the self-sufficiency status of accounts within each Major Project.

4. The Chancellor has delegated responsibility for the approval of fees, fines, rentals, deposits and other charges to the Vice Chancellor for Finance and Business. Campus administrations are responsible for adhering to related SUNY policies and procedures regarding fees, fines, deposits and charges associated with IFR programs.

5. The IFR accounts will bear the full costs of operations, including those indirect expenses of overhead reasonably attributable to their operation.

6. Within the concept of self-sufficiency, IFR operating procedures governing the allocation and reallocation of funds and positions between accounts, major projects, major purposes and/or objects of expense shall provide greater flexibility than regular operating budget procedures.

Scope

Generally, the Reimbursable Programs are limited to those which allow the University to maximize its income production through the fullest utilization of its programs and facilities. The main considerations for establishing these activities in an IFR Special Revenue Fund, as opposed to the regular General Fund, are as follows:

A. Changing rate structures and inflationary adjustments on income-producing programs, which require continuing revisions to financial plan income and expenses.

B. New experimental programs, with strong client demand, which cannot be programmed through the regular State budget process in a timely manner.
C. Selected program support from outside granting agencies which influences ongoing legislatively approved programs, and which could someday require State support. However, establishment of an IFR does not guarantee or imply future State support.

D. Programs established and funded from outside granting agencies for a limited period, and with a specifically defined objective, requiring immediate implementation.

Types Of Activity

In conjunction with the above considerations, Reimbursable Program activity is authorized as follows:

A. Academic programs of an experimental nature formulated after completion of the appropriation process. Generally, this includes selected continuing education credit courses, non-credit continuing education courses, third-party agreements, agreements with other governmental agencies for providing courses for employees, and summer session programs above the budgeted allocation.

Addendum II (attached) indicates special procedures for these types of programs.

B. Activities essential to campus operations and programs having exact income/expense relationships and requiring University fiduciary responsibilities. These activities include, but are not limited to, food service operations, professional fee component agreements, and hospital affiliation contracts.

C. Programs supported by cost recoveries and user fees or fines. All fees and fines are 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.

Examples of user fees and fines are parking fees and charges, programs for maximum facilities utilization (tennis courts, swimming pools, bowling alleys), chargebacks and recharges from campus central services (O.C.L.C.). Examples of cost recoveries include campus services provided to affiliated and outside organizations (computer services, printing, scientific stores, etc.) and salary recovery.

D. Grants and contractual agreements involving third parties, including those from State agencies, with campuses serving as sub-contractors for the project. This funding device will be implemented only in those cases where the activity cannot be appropriately administered by The Research Foundation.
Federal and State grants channeled through another State agency (Einstein and Schweitzer Chairs) are examples of this activity.

Procedural instructions and detailed implementation schedules will be forwarded in a separate letter to the campuses. Questions regarding this policy should be directed to the Office of Finance and Business.

Harry K. Spindler
Senior Vice Chancellor

Attachments

Copies for information sent to:

Presidents, Community Colleges
Deans, Statutory Colleges
President Coll
Vice Provost Spencer
Within the policies and operating guidelines for Income Fund Reimbursable Programs, the State University of New York has established 23 distinct major projects by which SUNY will monitor IFR financial activities and provide data to other State agencies and related bodies.

The establishment of the Major Project structure is intended to fit into the Office of the State Comptroller's (OSC) Major Purpose level. Since OSC Major Purposes follow industry standards as established by NACUBO and NCHEMS, as well as those promulgated by the American Institute of Certified Public Accountants, the major projects included here similarly conform directly with the expenditure subcategories as described in the current NACUBO Administrative Service Supplement. Conformity with standards utilized at other colleges and universities throughout the country enhances comparability in the areas of reporting and budgeting. The only deviation from industry standards is the addition of certain major project categories which further refine expenditures for those activities deemed to be of particular significance to the University (e.g., summer session instruction, credit-bearing continuing and experimental instruction, administrative overhead, etc.), where more detailed monitoring would be beneficial.

Below this level of major projects, campuses will have the option to establish individual accounts (subprojects) which will more definitively account for revenues and expenditures within the major project. The sum of those accounts, including an undistributed account, will equal the allocations and expenditures for each major project. Those accounts, however, must adhere strictly to the definitions for each major project. Further operational guidelines are included in a separate document.

The following page lists the twenty-three major projects that are to be used to determine and maintain all financial activities associated with SUNY IFR programs.
SUNY IFR Program

Major Project Structure

Instruction and Departmental Research

Reimbursed Instruction and Departmental Research
Summer Session Instruction
Continuing and Experimental Instruction (credit bearing)
Community Education (non-credit bearing)

Academic Related

Academic Support
Organized Research Programs
Reimbursed Organized Research
Public Service

Student Services

Student Services and Administration
Student Financial Aid

Institutional Support Services

Facility Operations
General Administration
Administrative Overhead
General Institutional Services

Auxiliary Enterprises

Residence Halls
Food Service
Independent Operations

Hospitals and Clinics

Professional Service Reimbursements
Patient Care Services
Hospital Support Services
Management/Patient Care Contracts

University Administration

University-wide Programs
Academic programs and activities operated through the Income Fund Reimbursable Program must adhere to the general policies governing the operation of the Reimbursable Program and to the following special academic policy guidelines:

I. Credit-bearing Programs and Activities

A. Financial Considerations

An Income Fund Reimbursable project may be requested to support a credit-bearing offering or activity until such time as it is possible to incorporate the project into the operating budget, provided that:

1) The credit-bearing offering or activity is demonstrably self-supporting in that the cost of direct expenses, fringe benefits and appropriate overhead expenses are offset by income.

2) It is not a program or activity which has previously been rejected in the budget process.

3) The credit-bearing activity to be supported is financed through the Reimbursable Program for no longer than two years or the terms of a centrally approved third-party contract. If continued beyond that period, the program must be included in the appropriate category of the operating budget.

4) The sunset provision may be extended an additional two academic terms for experimental or innovative credit-bearing activity to evaluate the desirability and effectiveness of the program. If deemed successful, the program will be incorporated into the appropriate category of the operating budget; if deemed unsuccessful, the activity will be discontinued or appropriately modified prior to its being proposed for incorporation into the operating budget.

5) Before a Reimbursable project is approved for a credit-bearing activity, a campus must have met, or be reasonably assured of meeting, the currently budgeted enrollment goal. Campuses whose enrollment subsequently falls below 98 percent of their target will not be permitted to initiate new credit-bearing Reimbursable Program projects. Existing credit-bearing programs will be continued until agreements terminate.

6) Students who have paid full tuition or who hold valid tuition waivers and who wish to enroll in a credit-bearing offering or activity financed by an IFR program shall not be required to pay additional tuition or fees.
7) Enrollment in credit-bearing IFR activities will not be included in the campus FTE calculations.

B. Academic Considerations

All credit-bearing programs and activities financed by the Income Fund Reimbursable Program shall adhere to standard University academic policies and procedures, the related academic policies of the State Education Department, and the following special requirements:

1) The request for an IFR project in support of an academic offering or activity will be submitted by the chief campus academic officer (or his/her designee) with his/her endorsement to the Vice Chancellor for Academic Programs, Policy and Planning.

2) The proposed request shall be submitted in accordance with specified academic guidelines which require: documentation of the review and approval by appropriate campus faculty and/or the chief academic officer; specification of evaluative review procedures; identification of student clientele, student demand, enrollment projections, and relation of the offering to existing or planned programs at the institution; specification of faculty, staff, facility, library and other resources.

3) The academic offering or activity shall be innovative in content or approach and designed to meet the special needs of a particular community, government, industry, business or labor group, except in unusual circumstances and with the approval of the Central Administration of the University.

The academic IFR projects will be reviewed and monitored by the Office of the Vice Chancellor for Academic Programs, Policy and Planning with respect to the potential impact on University-wide academic program offerings, the academic mission of the campus, the approved campus master plan, and State and public service needs, as well as adherence to University and SED policies.

II. Non-Credit Bearing Programs and Activities

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

1) It is demonstrably self-supporting.

2) It is not an activity which has previously been rejected in the budget process.

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 IFR account shall be required to pay the appropriate prorated share of the cost of the activity.