Memorandum to Presidents

Date: August 28, 1989
Vol. 89 No. 16

From: Office of the Senior Vice Chancellor
Division of Administrative Affairs

Subject: Income Fund Reimbursable Program: Revised Policy and Guidelines

To: Presidents, State-operated Campuses

Revised policies and guidelines for the Income Fund Reimbursable Program have been developed to reflect the intent of the flexibility legislation in the area of Income Fund Reimbursable. A subcommittee of the SUNY business officers was instrumental in developing these revised Guidelines, which were then also reviewed by campus business officers and presidents. The following policy statement replaces Memorandum to Presidents Vol. 85, No. 10 (August 7, 1985), and becomes effective immediately.

Summary of Major Changes

The following items highlight the flexibility governing IFR operations except for dormitory operations (DIFR), hospital operations (HIFR), and athletic operations (AIFR), for which there are separate policies and guidelines.

IFR programs are monitored and approved in clusters of accounts called Major Projects instead of individual accounts.

Allocation interchanges between Major Projects and/or Major Objects within Major Purposes require only campus approval. Campuses may approve interchanges of allocation between Major Purposes which increase a given Major Purpose in aggregate by no more than 5%. Interchanges in excess of 5% of a Major Purpose require Central Administration approval.

Guidelines have been developed for the use of IFR reserves for equipment replacement, repairs and renovations, and program stabilization.

Academic Program guidelines for credit-bearing offerings are revised and provision added for off-campus programs.

Campuses may propose, as part of campus annual plans for Central Administration approval, to utilize a portion of year-end accrual balances in one IFR Major Project to reduce or eliminate
"irreversible" deficits in another Major Project. Campuses may propose, as a part of campus annual plans, for Central Administration approval, contingent upon the campus having no "irreversible" deficits in any IFR Major Project, to utilize a portion of positive IFR year-end accrual balances in selected Major Projects, up to the lesser of $200,000 or 4% of projected total IFR revenue, for specific campus purposes.

Guidelines defining appropriate expenditures in support of Income Fund Reimbursable Programs will be established by each campus consistent with common practices in other universities and colleges. These may include expenditures for hosting events.

Guidelines and procedures for the establishment of IFR-related fees have been expanded and clarified.

Background:

On August 7, 1985, a revised policy and procedure statement governing the operations of Income Fund Reimbursables (IFR) was issued to each campus by the Division of Administrative Affairs. The policy statement provided guidance covering the intended purposes of IFR programs, including a Major Project categorization of the types of activities and programs which would be conducted, and procedures required for accountability and control. Since then, the Operating Flexibility Act (Chapters 552-555 of the Laws of 1985) was passed, greatly expanding the general flexibility of University operations. Therefore, the policy and procedure statement and the "Income Fund Reimbursable Financial Operations Guidelines" have been revised to provide additional flexibility to encourage the prudent and appropriate use of the IFR mechanism.

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 Fund 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 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 educa-
tionally related activity which augments the other funding mechanisms. It
comprises income-producing programs integral to the 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, and Auxiliary Service
   Corporations 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 approximately 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, or alternatively where the University charges
   students, clients, reimbursement agencies and others a fee based on the
   contractual cost of 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 and which comprises each of the Major
Purposes of IFR activities. Addendum I to the attached "Income Fund
Reimbursable Financial Operations Guidelines" 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 a break-even accrual basis, allowing for necessary reserves, and allowing for campus submissions of annual plans to reduce surpluses in selected Major Projects through their use for specific campus purposes or to utilize surpluses in one Major Project to reduce or eliminate an "irreversible" deficit in another Major Project.

3. Each campus is responsible for maintaining prudent financial control and ensuring the balanced status of the Reimbursable Programs.

4. The Chancellor has delegated authority for the approval of fees, fines, rentals, deposits and charges for violation of institutional regulations, late registrations, damage and breakage and special services to the Vice Chancellor for Finance and Business. Campuses are authorized to establish other IFR-related charges, in specific categories, subject to oversight by 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 IFR 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 between accounts, Major Projects, Major Purposes and/or Major Objects of expense shall generally provide equal or greater flexibility than regular operating budget procedures.

7. There are no restrictions governing the allocation or establishment of positions within IFR accounts other than those governing appointments under State personnel policies and procedures. Policies governing the appointment of personnel are the same for IFR accounts as for any State-funded activity. Terms and conditions of employment are established in the Policies of the Board of Trustees, the various negotiated contracts with employee organizations, and appropriate statutes.

8. Expenditure activity within the IFR program is generally subject to State University's purchasing and contracting guidelines. However, specific IFR-related provisions, i.e., for procedures, limits, and objects of expense, may be allowed based on the nature and purpose of certain IFR activities and on the generally applicable practices for similar activities nationally in public institutions of higher education.
Scope:

Generally, the Reimbursable Programs are limited to those that 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:

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

2. New experimental programs with strong client demand which cannot be programmed through the regular State budget process in a timely manner and credit-bearing offerings at off-campus locations.

3. 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.

4. 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:

1. 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, off-campus credit-bearing courses, and summer session programs above the budgeted allocation.

Addendum II to the attached "Income Fund Reimbursable Financial Operations Guidelines" indicates special procedures for Continuing and Experimental Instruction (credit-bearing).

2. 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. This would also include the establishment of a University-wide program to record the end-of-year cash advance rollover which cannot be fully processed until the subsequent year's appropriations are posted by the Office of the State Comptroller.
3. Programs supported by cost recoveries and user fees or fines.

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. Examples of cost recoveries include campus services provided to affiliated and outside organizations (computer services, printing, scientific stores, etc.) and salary recovery.

4. 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.

Procedural instructions and detailed implementation schedules are provided in the attached "Income Fund Reimbursable Financial Operations Guidelines." Questions regarding this policy should be directed to the Office of Finance and Business.

Harry K. Spindler

Attachments

Copies for information to:

Presidents, Community Colleges
Deans, Statutory Colleges
President Coll
Acting Provost Nesheim
In order to maintain compliance with State budgeting mandates and ensure efficient management of the Reimbursable Program, the following financial procedural standards have been established:

A. **Budgeting**

1. As a part of the annual State budget process, the State University budget request will contain separate, identifiable lump-sum appropriation requests for each of the University-wide Reimbursable Program categories (e.g., General, Hospital and Dormitory) which will include an estimated amount for program expansion.

2. Upon approval of the University budget, Central Administration will forward the applicable certificate of approval to the Office of the State Comptroller, in accordance with Chapter 552-555, Laws of 1985, segregating the lump-sum appropriation by major purpose, in initial allocation.

   In accordance with subsequent interchange(s), Central Administration will prepare the applicable certificate of approval reflecting the appropriate movement of funding in accordance with the rules governing such movement.

3. The Central Administration will maintain Reimbursable Program budgetary oversight on a more explicit grouping of operations below the Major Purpose level. Addendum I describes the Major Project Structure.
   
   a. The campus budget submitted to the Central Administration will include a summary of Reimbursable Programs by Major Project.

   b. Central Administration will maintain the Reimbursable Program allocations at the Major Project level by campus.

   c. Any interchange between Major Projects and/or Major Objects within a Major Purpose will require only campus approval. Campuses may approve interchanges between Major Purposes which increase a given Major Purpose in aggregate by no more than 5%. Larger interchanges require Central Administration review and approval.

4. Each campus will exercise and maintain the necessary budgetary oversight at the subproject level.

B. **Financial Management**

1. The Central Administration will financially manage and administer the Reimbursable Program at the Major Project level in accordance with special revenue fund accounting principles.
a. Full recording and accountability of the Reimbursable Program at the Major Project level will be maintained in the Central Administration accounting system.

b. Each campus will be responsible for the recording and accountability of subprojects within the Major Projects as stipulated by contractual or administrative agreements initiating the individual subprojects. The Central Administration accounting system will be available to the campuses for detailed accounting of subprojects.

2. The fiscal management and administration of the Reimbursable Program's indirect cost components will be coordinated by the Central Administration.

   a. The Central Administration will assess and recover the Reimbursable Program's fringe benefit costs based on an annual rate negotiated with the Office of the State Comptroller.

   b. The Central Administration will assess and recover the Reimbursable Program's administrative overhead in accordance with the accounting procedures establishing the annual rate and subsequent distribution of funds.

   c. The Central Administration will assess and recover the incremental Maintenance and Operation costs incurred in the operation of Reimbursable Programs in accordance with the procedures establishing the cost recovery methodology. Both full and partial exclusions from the charge will be provided where reimbursement for those costs is made through another mechanism, is excluded by contractual agreement, or where exemption from the M&O charge is appropriate.

3. Funded reserves are recognized as necessary for the long term financial stability of the Reimbursable Program. The Central Administration will coordinate and monitor the establishment of funded reserves related to the Reimbursable Program's activities in accordance with the "Procedure for Establishment of Funded Reserves" issued by the Vice Chancellor for Finance and Business. Campus based reserves must be related to the IFR activity conducted within the Major Project.

   a. Central Administration authorization for campus establishment of funded reserves is granted for the following consistent with the Objectives contained in the Updated Policy Statement:

      1) Reserve for Equipment Replacement and Repairs -- Funds may be reserved to replace, repair, or upgrade existing equipment. Reserves for equipment replacement should reflect replacement cost of the asset, not historical cost. Reserves for equipment repairs may not include routine maintenance costs. This reserve may only be used for major repairs, such as upgrades, that will extend the service life of the equipment, or materially increase the capacity or operating efficiency of the equipment.
2) Reserve for Facilities Rehabilitation and Renovation -- Funds may be reserved to rehabilitate or renovate related facilities. This reserve represents funds that will eventually be used for expenditures that materially extend the useful life of the facility. The reserve is the cost of these future improvements.

3) Reserve for Program Stabilization (Budgetary) -- Funds may be reserved for program continuation and fluctuation. This reserve is established to accommodate short-term revenue downturns and to provide for the orderly and fiscally responsible termination of a program, should such action be determined necessary. Items that are to be considered in establishing the reserve include such contractual commitments and obligations as term appointments, refunds for prepayments, equipment leases, essential operating expenses and other liquidation costs associated with the unplanned elimination of a program. The maximum size of the reserve should not exceed one cycle of program operations. This reserve is subject to annual review and approval by Central Administration.

b. A campus plan for the establishment and management of each of the funded reserves must be completed and maintained on file by the campus. This plan will include the following information:

1) The amount to be set aside in total and annually (including indirect costs).

2) The planned years the expenditures will be made.

3) A complete description of the items or reasons for which the reserve is being made and its relationship to the Reimbursable Program.

4) In accordance with the revenue plan, the campus will transfer the applicable amount (initially and as scheduled) to the reserve classification in accordance with the accounting procedures. The amount to be accumulated should not be included in the current year allocation amounts until the year of planned expenditure. In the year the reserve will be utilized, the allocation should be established in accordance with the allocation format previously described.

c. Campuses may modify their plans for existing funded reserves, subject to approval procedures appropriate to the type of reserve, and adjust the Major Project allocations accordingly.

d. There is a general prohibition against establishing any reserves for purposes which will incur potential material demands for State General Fund Supported Operating or Capital Budgets. Campuses may secure special exemption from this prohibition by submitting such reserve plans for review and approval by Central
Administration and the Division of the Budget through the campus's annual operating or Capital Budget Request.

4. The Central Administration will establish and manage a University-wide equalization reserve for the Reimbursable Program. The reserve will be funded subsequently and replenished from Reimbursable Program operations. The amount reserved will be transferred to a specially designated revenue classification managed by the Central Administration.

C. Financial Control

1. Each campus is responsible for maintaining prudent financial control and ensuring the balanced status of the Reimbursable Programs and each subproject.

2. The Central Administration will maintain an ongoing reporting of income and expenses for the Reimbursable Program according to the Major Project level of activity.

3. Annually, until incorporated in the Central Administration accounting system, each campus will submit a financial statement on the accrual basis for each Major Project.

4. In conjunction with the above, the Central Administration will perform an annual review of each campus Major Project to ascertain the fiscal condition of the operation.

5. The fiscal condition of an ongoing Major Project will be deemed self-supporting if the accrual balance of the Major Project net of reserves is within a plus or minus $1,000 or is within a plus or minus ten percent (10%) of the Major Project’s prior year expenditure; however, all deficit accrual balances less than $25,000 and any surplus accrual balances exceeding $50,000 will require an explanation. Review date to test the fiscal condition of an ongoing Major Project will be determined by Central Administration.

6. Any Major Project with an excessive deficit or surplus accrual condition (defined in C.5. above) will be designated for special monitoring and require the following campus actions:

   a. Deficit conditions:

      1) The campus must submit a detailed report to Central Administration describing the reason for the deficit and a reasonable plan and timetable for elimination of the deficit by increasing revenue, decreasing expenditures, or a combination of both.

      2) A campus may conclude that a deficit in a Major Project is "irreversible" in that no reasonable set of actions (such as revenue enhancements, expenditure reductions, or cash transfers between sub-projects) within the Major Project and within a reasonable time frame will suffice to eliminate the deficit.
Under such circumstances, the campus should submit with its deficit plan a statement that it deems the deficit "irreversible" and its rationale for this conclusion.

When Central Administration concurs with the campus recommendations that the deficit is "irreversible," it will so notify the campus.

3) When a campus deems a deficit in a Major Project to be "irreversible," it may propose as part of its deficit plan to utilize positive year-end balances in another Major Project to alleviate the deficit.

4) If a campus has exhausted its own Program Stabilization Reserves and all other campus IFR sources in attempting to reduce irreversible deficits, it may apply to Central Administration to write off the remainder of such deficits against the Reimbursable Program's University-wide reserve. Appropriate replenishment assessments will be made against such campuses.

5) The campus plan must be approved by the Central Administration with special monitoring criteria to ensure compliance. Until the deficit is eliminated, Central Administration may place a hold on any campus funded reserves. Other restrictions may be placed on IFR actions at any campus not resolving deficit conditions in a timely manner.

b. Surplus conditions:

1) In the same manner as for deficits, the campus must submit annually to Central Administration a reasonable plan for the elimination of an excessive surplus, defined as a surplus, net of reserves, which exceeds $1,000 and which also exceeds 10% of the Major Project's prior-year expenditure or $50,000, whichever is smaller. Contingent upon the campus having no "irreversible" deficit in any IFR Major Project, the plan may include, for selected Major Projects, proposals for the utilization of a portion of surpluses, not to exceed the lesser of $200,000 or 4% of a campus's annual General IFR revenue excluding Food Service, for specific campus purposes, to be listed in the plan.

2) The campus plan must be approved by Central Administration and will require special monitoring.

3) As determined by the Central Administration, a pattern of recurring excessive surpluses in a Major Project may be cause for transferring some or all of such surpluses to the Reimbursable Program's University-wide reserve.
D. Financial Reporting

1. Each campus will be responsible for a complete reporting of Reimbursable Programs' subprojects within the Major Project and Major Purpose level. The Central Administration accounting system will be available to the campuses for detailed accounting of subprojects. Each campus will be responsible for maintenance of the system and the appropriate reconciliation of data with campus report records (payrolls, vouchers, etc.).

   a. Campuses will maintain and make available on request monthly reports of each sub-project's receipts and expenditures.

   b. Campuses will submit annual accrual Major Project financial reports in accordance with the financial reporting requirements of State University.

2. The Central Administration will be responsible for maintaining a complete reporting of the Reimbursable Programs' Major Projects and Major Purposes and will file the following reports with the Division of Budget:

   a. Quarterly reports of allocations, receipts and expenditures by campus and by Major Project and Major Purpose, with summaries provided at the University-wide level.

   b. An annual accrual report of the financial activity of each Major Project, with summaries at the campus and University-wide levels.

   c. An annual listing of the subprojects included in each Major Project, by campus.

   d. An annual report by Major Project and Major Purpose by campus, of expenditures by object, with summaries provided at the University-wide level.

   e. Annual reports on the financial activity of the University-wide equalization reserve, with notification in the interim if such reserve is utilized.

   f. Annual reports by Major Project and Major Purpose, by campus, of the campus reserves for equipment/repair, rehabilitation/rehabilitation, and program stabilization purposes, with summaries provided at the University-wide level.

E. Procurement

1. Purchasing and contracting activity within the Reimbursable Program shall be carried out in accordance with the applicable State University procedures, e.g., Item 300 - Purchasing and Contracting Procedures, Item 310 - Procedures for Processing Proposed Contracts and Contract Amendments.
2. Campuses are authorized to establish expenditure guidelines within the Reimbursable Program which would identify the various types of expenditures (e.g., social activities, student recruitment and travel, personnel, sole source purchases, advertising and printing, association dues, etc.) to be accommodated within the program. Such guidelines are to be consistent with common practices for similar activities at other universities and colleges across the nation and must comply with the policies and guidelines applicable to such activities as are established by recognized national organizations or authorities. Such guidelines do not require affirmative Central Administration approval; however, they are subject to applicable Board of Trustees' and Central Administration Policies and to general Central Administration oversight. A campus may be directed to amend such guidelines to assure compliance with University purposes and policies. Campus expenditure guidelines must be filed with the Office of the State Comptroller, Bureau of Contracts and State Expenditures, and the Division of Budget.

F. IFR Fees and Charges

1. Campus administrations are responsible for adhering to SUNY policies and procedures regarding fees, fines, deposits and other charges associated with IFR programs.

2. The Vice Chancellor for Finance and Business has been designated by the Chancellor to approve fees, fines, deposits and charges for violation of institutional regulations, late registrations, damage and breakage and special services. Such fees, fines, deposits and charges must therefore be submitted to the Vice Chancellor for Finance and Business for review and approval.

   a. Special fees for services or materials required of students for any credit-bearing academic or instructional program must be reviewed and approved by the Vice Chancellor for Finance and Business.

   b. Residence Halls' room rates and other charges are established by each campus, subject to annual approval of the Vice Chancellor for Finance and Business.

3. Campuses are authorized to establish reasonable charges for the following additional types of IFR activities. Schedules of all such charges are to be maintained by each campus and provided to Central Administration on request. Such schedules of charges are subject to modification by the Vice Chancellor for Finance and Business.

   a. Instructional fees for non-credit-bearing instructional programs.

   b. Charges to sponsoring agencies for grants, contracts, and other sponsored activities.

   c. Internal charges for services provided by one campus unit to another campus unit.
d. Patient and client-care charges for hospital and clinical services, including non-medical clinics, which are provided as an adjunct to instruction, research, or public service and which are appropriate to the campus mission.

e. Charges for entrance to or attendance at athletic events, creative or artistic performances, museums, art galleries, and similar activities appropriate to the campus mission.

f. Charges to faculty, students, staff, and, where appropriate on an ancillary basis, to other members of the public for access to campus services or facilities available on the campus but not normally or usually provided as a part of the campus's relationship to a student during instruction nor to an employee in the course of employment. Such services include, for example, facility usage for athletic events or artistic performances, printing and copy services, media services, and equipment repair. Campuses are to assure they do not enter into direct and/or unfair competition with private business, that such services are a natural and immediate extension of existing services or facility usage, and that the primary purpose of such activities is to serve students, faculty, and staff.

g. Food Service (Board) charges to students.

h. Telecommunication charges.

G. Audit Coverage

The Reimbursable Program will receive audit coverage from the Office of the State Comptroller, campus internal auditor, independent auditor of the State University of New York, the independent auditor of the State of New York, and the State University Office of the University Auditor.

1. The Reimbursable Program will receive audit coverage from the State Comptroller's pre-audit of expenditures and field audit of operations.

2. In conjunction with the University's and the State's annual independent audit by a Certified Public Accountant, the Reimbursable Program, as a part of State operations, will be included in the audit universe from which specific testing is performed.

3. The Office of the University Auditor will provide annual audit coverage of the Reimbursable Program.

   a. Detailed testing will be performed at various campuses with material Reimbursable Program activity. All such campuses will be reviewed over a three-year cycle. Additional testing will be performed on a University-wide basis.

   b. Major Projects suffering deficit or surplus conditions from irreversible circumstances will be subject to a detailed audit upon discovery of such circumstances. Annual audits will subsequently be performed until the deficit or surplus condition is dealt with per Section C - Financial Control.
c. On an annual basis, specific Major Projects of the Reimbursable Program will be selected and reviewed for financial and program compliance.

The financial review will entail compliance with self-sufficiency, scrutiny of significant balances, testing of financial transactions and analysis of related reserves. In addition, specific subprojects within the selected Major Projects will be reviewed for compliance with the Reimbursable Program's policies and procedures and the appropriateness of revenue sources and related expenditures. This will encompass program activity and State budgeting mandates.

d. Upon completion of each campus or University-wide audit, a final report will be issued. In accordance with standard procedures, copies of final audit reports will be provided to the Division of the Budget and the Office of the State Comptroller.
State University of New York
Income Fund Reimbursable Program
Major Project Structure

Within the policies and operating guidelines for Income Fund Reimbursable Programs, the State University of New York has established twenty-four 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 higher education 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 higher education 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.

The following page lists the twenty-four Major Projects, within the established Major Purpose classification for State University, 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 (d)
- Summer Session Instruction
- Continuing and Experimental Instruction (credit-bearing)
- Community Education (non-credit-bearing) (c)

**Academic Related**
- Academic Support (d)
- Organized Research Programs
- Reimbursed Organized Research
- Public Service (c)

**Student Services**
- Student Services and Administration (d)
- Student Financial Aid (d)

**Institutional Support Services**
- Facility Operations (c) (d)
- General Administration (c) (d)
- Administrative Overhead (c)
- General Institutional Services (c)

**Auxiliary Enterprises**
- Residence Halls (a)
- Food Service
- Independent Operations (c)
- Intercollegiate Athletics

**Hospitals and Clinics** (b)
- Professional Service Reimbursements
- Patient Care Services
- Hospital Support Services
- Management/Patient Care Contracts

**University Administration**

**University-wide Programs**

(a) Fund in DIFR only
(b) General IFR, Optometry only.
(c) Major Projects where positive balances may be utilized for specific campus purposes.
(d) Major Projects where positive balances from other Major Projects (footnote c) may be utilized for improvements to instruction, campus life, or the campus environment.
State University of New York
Income Fund Reimbursable
Major Project Definitions

INSTRUCTION & DEPARTMENTAL RESEARCH

Reimbursed Instruction and Departmental Research

This major project is funded by the recovery of costs from various sources including sponsored projects, affiliated or outside organizations, and/or students. These reimbursements are for the use of faculty and staff effort, as well as departmental services, supplies and equipment, supporting missions other than those anticipated under the State-Purpose I&DR appropriation. The reimbursed costs are expended under this major project to return the value of this effort, service, supplies, equipment, etc. to the general instructional and departmental research activities.

Summer Session Instruction

This major project includes expenditures for formally organized, self-supporting and separately budgeted instructional activities that are carried out during a summer session. Such activities are over and above those provided through State operating appropriations.

Continuing and Experimental Instruction (credit-bearing)

This major project includes expenditures for SUNY Central approved instructional activities which are formally organized, self-supporting and separately budgeted and result in credit toward a formal postsecondary degree or certificate. It includes credit-bearing instructional activities carried out by the institution’s Extension Division, credit-bearing offerings that are a part of the Continuing Education program, credit-bearing preparatory/remedial instruction and vocational/technical instruction, and credit-bearing programs at off-campus locations. Credit-bearing instructional activities of an experimental nature are also included. All such activities require SUNY academic approval.

Community Education (non-credit-bearing)

This major project includes expenditures for formally organized and separately budgeted instructional activities that do not generally result in credit toward any formal postsecondary degree or certificate. It includes non-credit instructional offerings carried out by the institution’s Extension Division, Adult Education, or Continuing education Programs (i.e., Informal Studies).
ACADEMIC RELATED

Academic Support

This major project includes self-supporting activities where funds are expended primarily to provide support services for the institution's primary missions of instruction, research and public service. It includes the retention, preservation and display of educational materials (i.e., libraries, museums, galleries, etc.), the provision of that directly assist the academic functions of the Institution (i.e., Fine Arts Center), media and audio visual services and other ancillary support activities.

Organized Research Programs

This major project includes all expenditures for self-supporting activities specifically organized to produce research outcomes, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution (excluding sponsored research appropriately administered by the Research Foundation of SUNY). In accordance with SUNY Trustee policy the Research Foundation is the primary administrator for externally sponsored research. This major project includes research related institutes and research centers.

Reimbursed Organized Research

This major project is funded by the recovery of costs by the Research Foundation of SUNY from various sources including sponsored projects, affiliated and outside organizations. These reimbursements are for the use of faculty and staff effort, as well as departmental services, supplies and equipment supporting missions other than those anticipated under the State Purpose Organized Research appropriation. The reimbursed costs are expended under this major project to return the value of this effort, service, supplies, equipment, etc. to the organized research activities of the institution.

Public Service

This major project includes funds expended for self-supporting activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the Institution. These activities include community service major projects and cooperative extension services. Included in this major project are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting and similar non-institutional services to particular sectors of the community.

STUDENT SERVICES

Student Services and Administration

This major project includes funds expended from self-supporting activities of offices whose primary purpose is to contribute to the students' emotional and physical well-being, and to their intellectual, cultural and social development outside the context of the formal instructional major project. It includes expenditures for organized administrative activities that provide assistance and support to the needs and interests of the students.
Student Financial Aid

This major project includes funds expended directly as grants and aid to students in pursuit of educational goals (with the exception of programs appropriately administered by the Student Loan Service Center, Research Foundation, and local foundations).

INSTITUTIONAL SUPPORT SERVICES

Facility Operations

This major project includes all expenditures separately budgeted from the recovery of costs associated with the operation and maintenance of the physical plant. It includes all expenditures for operations established to provide services and maintenance related to grounds and facilities. This major project includes income and expenditures for physical plant administration, building maintenance, custodial services, utilities, landscape and ground maintenance and major repairs.

General Administration

This major project includes expenditures for self-supporting central administrative level activities concerned with management and planning the entire institution, fiscal operations, administrative data processing, space management, employee personnel and records, and related administrative services.

Administrative Overhead

This major project includes those costs directly associated with the administration of Income Fund Reimbursable Programs funded through the recovery of such costs on an overhead basis.

General Institutional Services

This major project includes expenditures for self-supporting activities related to institutional support functions such as the maintenance of supplies and materials, campus-wide communication and transportation services, central stores, print shops, safety services, etc.

AUXILIARY ENTERPRISES

Residence Halls

This major project includes all expenditures funded from self-supporting activities related to student housing in either dormitories, apartment complexes and related facilities. Included would be the recovery of dormitory damage and special dormitory services.

Food Service

This major project includes income and expenditures for the campus food service, whether provided directly by the campus or contracted through the Auxiliary Service Corporation.
Independent Operations

This major project includes all other State-operated or controlled "business" entities that exist to furnish goods or services to students, faculty or staff and that charge a fee directly to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of these independent operations is that they are essentially self-support activities. Examples include college stores, faculty clubs, student, faculty and staff parking, faculty housing, and student health services when operated as an auxiliary enterprise. Excluded from this major project are activities appropriately administered by the campus Auxiliary Service Corporation.

HOSPITALS AND CLINICS

Professional Service Reimbursements

This major project includes all costs of professional services provided to hospitals and clinics for which payment is made to an appropriately authorized professional practice plan.

Patient Care Services

This major project includes expenditures for direct patient care from unique self-supporting activities such as prevention, diagnosis, treatment and rehabilitation. Also included are expenditures for services which directly support the provision of health care such as a pharmacy, blood bank, and x-ray services.

Hospital Support Services

This major project includes expenditures for both the day-to-day functioning and the long-range viability of the hospital which support the mission of the hospital. Included in this major project are non-patient care activities associated with administration, ancillary support, and physical plant operations.

Management/Patient Care Contracts

This major project includes the expenditures for management services, patient care services and health care support services provided on a contractual basis with an outside organization.
State University of New York

Special Policy Guidelines Governing the Use of Income Fund Reimbursable Program for Offering Academic Programs


Each campus will be directly responsible for exercising and maintaining necessary oversight of Major Projects and subprojects. Within the Major Project category of Continuing and Experimental Instruction (credit-bearing), subproject (individual account) records will also need to be established and maintained by the campus. Academic approval must be requested from Central Administration through the Office of the Provost to establish an IFR at the Major Project level. In addition, credit-bearing programs at off-campus locations must be approved by the Provost at the subproject level.

All academic IFR Major Projects and subprojects must adhere to the general policies governing the operation of the Income Fund Reimbursable Program. Campus administrators will be responsible for complying with the following special policy guidelines and procedures for the approval and operation of activities to be conducted under the Major Project category of Continuing and Experimental Instruction (credit-bearing):

I. Financial Consideration

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

A. Credit-bearing instructional activities are demonstrably self-supporting in that the cost of direct expenses, fringe benefits and appropriate overhead expenses are offset by income. Each campus is responsible for ensuring the self-supporting status of such Income Fund Reimbursable activities.

B. Experimental credit-bearing activity, at the subproject level, is normally to be financed through the Income Fund Reimbursable Program for no longer than two years. Beyond that period, the program must either be approved for a one year extension or included in the appropriate category of the operating budget.

C. The projected level of credit-bearing activity to be supported through the Income Fund Reimbursable program shall be identified as part of the customary enrollment planning update process. Before an Income Fund Reimbursable Major Project is approved for a
credit-bearing activity, a campus must have met, or be reasonably assured of meeting, the currently budgeted enrollment. Campuses whose enrollment subsequently falls below 98 percent of their target will not be permitted to initiate new credit-bearing Income Fund Reimbursable Program activities. Existing credit-bearing subprojects will be continued until agreements terminate.

D. Students who have paid full tuition, or who hold a valid tuition waiver, 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.

II. Academic Considerations

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

A. The request for this IFR Major Project must be endorsed and submitted by either the chief campus academic officer or her/his designee to the Provost.

B. The proposed Major Project shall be innovative in content or approach and designed to meet the special needs of community, government, industry, business or labor groups, except in unusual circumstances and with the approval of the Provost.

C. The request shall contain a summary of the proposed Major Project describing the purpose of the project and its relation to existing or planned programs at the campus. In addition, the request should indicate the approximate annual enrollment in credit-bearing IFR activities and the means by which quality will be maintained and monitored by the campus, including a description of provisions for review of the effectiveness of the project.

D. Campuses may request the establishment of subprojects for credit-bearing activities held at off-campus locations, which will require approval of the Office of the Provost. For these purposes, a separate subproject should be requested for each off-campus site utilized by the campus. In addition to the requirements in A, B, and C of this section, the proposed subproject request shall include a listing of the courses to be offered at the off-campus site. Course offerings and their relationship to on-campus programs shall also be addressed in the project request. The request shall indicate also the projected enrollment and number of credit hours to be generated at each off-campus site.
III. Report Procedures

Academic IFR Major Projects will be reviewed and monitored by the Office of the Provost 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.

In addition, each campus will be responsible for maintaining a record of all academic IFR activity at the Major Project and subproject level. In conjunction with the annual enrollment planning/update process, and in addition to any required fiscal reports, each campus will be requested to submit to the Provost a report on the status of each academic IFR subproject, including any indication of substantial changes in enrollment. As has always been the case, instructional activities conducted through an IFR account will not generate FTE workload for budget support in the appropriation process. Campuses will be expected to continue reporting enrollments for all credit-bearing IFR activities to the Office of Institutional Research.

Campuses will also maintain records which could be used to produce the following information, at the subproject level, if called for:

1. Title of the subproject
2. Beginning and ending dates. If the subproject is expected to continue beyond two years, describe the contractual arrangement involved.
3. Name and telephone number of person responsible for managing the subproject.
4. Summary of the subproject including the purpose of the subproject.
5. Clientele served by the subproject.
6. Annual headcount enrollment in the subproject.
7. Faculty and staff who conducted the subproject.
8. Facility and library resources.

In conjunction with the above, the Office of the Provost may perform a review of campus academic IFR subprojects to ascertain compliance with the academic policies and guidelines governing the operation of instructional activities conducted under the definition of the Major Project category of Continuing and Experimental Instruction (credit-bearing).