Policy

This policy establishes procedures for annual program revenue balance reporting to the Board of Regents.

Procedures

The following procedures will be used for annual reporting:

1. Program Revenue Balances:

   Program revenue balances shall be calculated subsequent to year-end reconciliation by the Controller. Balances will be calculated starting with the prior year’s ending fund balance, adding revenues, and deducting expenditures recorded in the ACTUALS ledger of the Shared Financial System (SFS) during the fiscal year. This produces the budgetary fund balance at the end of a given fiscal year. Balances will reflect accruals for advance deposits received for future academic terms, accounts payable, or accounts receivable. Year-end program revenue balances shall be calculated for:

   Unrestricted Funds:

   1. Tuition (Academic Student Fees and Distance Education Fees)
   2. Auxiliary Operations
   3. General Operations
   4. Other Unrestricted Program Revenue
   5. Federal Indirect Cost Reimbursement

2. Projected ending balances greater than $15,000 (no reporting required for balances of $0 - $14,999):

   Departments with a projected ending balance of more than 12% of the prior year’s total expenditures and greater than $15,000 shall justify the ending balance. Departments within the same fund may consolidate activity and report on the combined ending balance. For example, Residence Life has several departments in Fund 128 and may choose to combine the departments and report on the combined ending balance if the combined balance is greater than 12% of the prior year’s total expenditures. Justifications for the balances should include:

   - The specific projects or initiatives for which the funds are being held;
   - The amount of funds held for each project or initiative;
   - The total amount of program revenue funds the department plans to accumulate for each initiative or project;
   - The total amount of funds expected to be expended on each project or initiative; and
   - The timeframe in which those funds will be expended. The timeframe cannot extend beyond a three-year period.
• Justifications for the balances must be received by the University Budget Office by June 30th of each year unless UW System requires an earlier reporting date.

Justifications for academic departments must be reviewed and approved by the Dean of the College or higher. Justifications for non-academic departments must be reviewed and approved by a Director or higher.

3. Projected negative ending balances of $1,000 or greater (no reporting is required for balances of ($1) – ($999)):

Departments with a projected negative ending balance of $1,000 or greater will provide an adequate plan to eliminate the negative balance within a reasonable period of time. The plan should include:

• The reason for the negative balance.
• A discussion of any corrective actions already taken and associated fiscal savings/gain.
• A description of additional steps that will be taken to address the negative balance and achieve fiscal stability on an ongoing basis. The estimated financial savings and timeline for each of these actions items should be provided. The timeline cannot exceed beyond a three-year period.
• Plans must be received by the University Budget Office by June 30th of each year unless UW System requires an earlier reporting date.

Justifications for academic departments must be reviewed and approved by the Dean of the College or higher. Justifications for non-academic departments must be reviewed and approved by a Director or higher.

4. Level of Commitment Designation for Funds:

The University Budget Office will be responsible for reviewing the justifications submitted and categorizing all restricted funds into one of five levels of commitment as defined by the Legislative Audit Bureau. The five levels are:

1. Obligated;
2. Planned;
3. Designated;
4. Reserves (note: all funds identified as reserves must have a letter of understanding identifying the purposes for which these funds may be used and who is authorized to make the decision to use these funds. Reserve letters of understanding must be reviewed and approved by either the Chancellor or Provost.); and
5. Undocumented.

5. Annual Reporting to the Board of Regents:

The University Budget Office will be responsible for preparing the required annual reporting for the Board of Regents, including but not limited to aggregated information on campus balances, by fund
type and by level of commitment, detailed spending plans for balances exceeding 12% of expenditures in tuition, auxiliary operations, general operations, or other unrestricted program revenue funds, and plans for any negative balance in tuition or auxiliary funds.

The Chancellor will review and approve the annual report prior to submittal.

Authority
The UW-River Falls Chancellor issues this policy in accordance with the Administrative Policy process. The Assistant Chancellor for Business and Finance is responsible for the administration of this policy. To request an exception to this policy, mailto: administrative-policy@uwrf.edu.

Sanctions and Appeals Process
Failure to adhere to the provisions of this policy may result in appropriate disciplinary action as provided under existing procedures applicable to students, faculty, and staff, and/or civil or criminal prosecution.

Department/Unit Responsibilities
All campus departments with unrestricted funding

Background
1. 2013 Wisconsin Act 20 (http://docs.legis.wisconsin.gov/2013/related/acts/20) required the Board of Regents to develop a methodology for the calculation of program revenue balances and reserves, expressed in both dollars and as percentages of total annual expenses, for the University of Wisconsin System as a whole, for individual University of Wisconsin institutions, and UW Extension. The Board of Regents was also directed to develop proposed limits and report on program revenue account balances for the University of Wisconsin System as a whole and for each individual institution.
2. Regent policy Document Section 21: Fiscal Policy and Procedures, 21-6 Program Revenue Calculation Methodology and Fund Balances policy can be found by visiting https://www.wisconsin.edu/regents/policies/program-revenue-balances-and-reserves-policy/

Contact
To direct questions about this policy, mailto: administrative-policy@uwrf.edu.