OBJECTIVE:
The objective of this policy is to implement the Board of Regents policy on program revenue balances and reserves at UW-Platteville and to establish college and division carryover thresholds consistent with overall balances and reserves.

BACKGROUND:
In May 2014 the Joint Committee on Finance adopted the Board of Regents policy for the calculation of program revenue balances, implementing a minimum balance of 0% for select funds, and a requirement that institutions justify balances in excess of 12% of total year end expenditures.

Affected categories and funds for the 0% minimum balance are: (1) Tuition (Academic Student Fees Fund 131 and Extension Student Fees Fund 189) and (2) Auxiliary Operations (Funds 128 and 228), while affected categories and funds for the 12% maximum reporting threshold include (1) Tuition, (2) Auxiliary Operations, (3) General Operations (Fund 136), and (4) Other Unrestricted Program Revenue (Funds 123, 132, and 184).

Program revenue balances must be calculated subsequent to year-end reconciliation. Balances will be calculated starting with the prior year’s ending cash balance, adding revenues received, and deducting expenditures made during the fiscal year. This produces the budgetary fund balance at the end of a given fiscal year. Balances will not reflect accruals for advance deposits received for future academic terms, accounts payable, or accounts receivable.

Year-end program revenue balances will be calculated for:

<table>
<thead>
<tr>
<th>Unrestricted Funds</th>
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<tbody>
<tr>
<td>1. Tuition (Academic Student Fees and Extension Student Fees)</td>
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<tr>
<td>2. Auxiliary Operations</td>
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<td>3. General Operations</td>
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<tr>
<td>4. Other Unrestricted Program Revenue</td>
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<td>5. Federal Indirect Cost Reimbursement</td>
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POLICY:
UW-Platteville will seek to manage balances within the 0% to 12% range established by the policy for funds 123, 128, 131, 132, 136, 184, and 189 based on the four categories of funds set by the Board. Balances in these program revenue funds automatically carry over. Colleges and divisions will manage cash balances at the fund level; however analysis by Financial Services will occur at the six digit department level. Budgeted funds are anticipated to be fully expended in the implementation of the Board’s policy. Funds will be tracked across categories as Obligated, Planned, Designated, Reserves, or Undocumented in accordance with Board policy.

The institution will strive to maintain a central reserve balance of $3 million dollars for the tuition fund group only and will not maintain a central reserve for other fund groups. The reserve amount is established by the Vice Chancellor for Administrative Services. The Vice Chancellor for Administrative Services may authorize use of the reserve balance in cases of sudden shortfalls in revenue, to provide for extraordinary events, and to protect against unbudgeted future expenses or losses.

Financial Services will monitor budgets and expenditures at the six digit department level to determine which departments, funds and categories of funds have balances outside the 0%-12% range. Plans to have balances less than 0% or in excess of 12% in any category of funds will be determined as part of the university’s multi-year financial planning and will be linked to specific components of the institution’s strategic plan, program plans, or the facilities’ master plan.

Reports to the Board for funds below 0% or above 12% will be at the institution level, drawing on the details of the six digit department level budgets.

UW-Platteville’s Financial Services will estimate balances during budget development for each six digit department and at the fund level. Expected uses of projected balances will be identified and approved as part of the budget development process.

During each fiscal year, colleges and divisions may reallocate unspent funds to other purposes as allowed by funding source and consistent with state statutes, Board policies, and UW-Platteville policies. Allowable uses of unspent funds during the course of a fiscal year include professional development and travel, equipment, facility or infrastructure investments, one-time compensation adjustments, and software or hardware. Financial Services will set specific procedures for reallocating funds. If a college or division is not utilizing budgeted funds (including carryover), the Vice Chancellor for Administrative Services will review the situation with the dean or division head and may recommend reallocation of funding to the Chancellor during the current year. Colleges and divisions will have two weeks to object to the reallocation.
Divisions may commit funds into a project account for information technology, classroom technology/upgrades, facilities improvements/renovations or other projects that will span past the current fiscal year. The criteria for the use of a project account is that the planned project that will begin within the next two fiscal years. Normal operating expenses like annual/academic year salary and wages, summer payments and other day-to-day supplies and expenses do not constitute a project. Once the project is complete, any remaining funds will be returned centrally.

Management of carryover in colleges and divisions is an important component of balances under Board policy. Carryover authority is approved for end of year balances for Funds 102, 103 and 402 for colleges and pre-college departments only. The carryover amount in non-academic divisions will be retained centrally to improve the core financial model or for specific one-time expenditures as communicated in August of each year. Central carryover funds will not be available for ad-hoc requests during the year.

Any exception to the stated policy may be approved by the Chancellor or Vice Chancellor for Administrative Services.

**PROCEDURE:**

UW-Platteville’s Department of Financial Services will calculate balances based on the Board’s policy for each affected six digit department for colleges and divisions, and at the fund level. These will be the official calculations of record.

Financial Services will work with colleges and divisions to establish budgets and expenditures plans consistent with Board policy. Monthly review sessions will be used to track expenditures and projected balances. Monthly summary reports will be provided to the Executive Team to communicate current financial results. Using the September report, departments with balances in excess of 12% at the end of the prior fiscal year will be reviewed to confirm expenditure plans are being followed. Funds may be reallocated centrally after the December report if plans are not being followed. Using the December report, departments with projected current year closing balances in excess of 12% of expenses may have funds transferred for other institutional purposes, as allowed by state statute and Board of Regents policies.

To align with the goal of tracking costs per program, the carryover budget will be posted to the program that makes the expenditure and not a central college six digit department. Colleges may be asked to report on the use of carryover to the budget committees or leadership team during the normal budget cycle.

Divisions may commit funds into a separate project account by completing the [Project Account Code Request Form](#). Financial Services will create a new department code for the commitments and process a revenue or budget transfer to move the funds from the funding source identified to the new department code.

To request an allocation from the central carryover funds, a Budget Request Form must be completed. For any Facilities Capital and Information Technology Projects, the facilities and IT prioritization processes must be followed.