**Budget Planning and Monitoring for UPPS No. 03.02.04**

**Income-Generating Accounts Issue No. 5**

**Effective Date: 02/05/2019
Next Review Date: 11/01/2023 (E4Y)**

 **Sr. Reviewer: Assistant Vice President for Budgeting, Financial Planning and Analysis**

**01. POLICY STATEMENTS**

01.01 The purpose of this policy is to establish procedures for:

a. approving new income-generating programs and accounts;

b. establishing estimated income for income-generating accounts;

c. developing expenditure budgets; and

d. monitoring actual income and expenditures compared to budgeted.

This policy complements [UPPS No. 03.01.09](https://policies.txstate.edu/university-policies/03-01-09.html), Fiscal Responsibilities of Account Managers at Texas State regarding the fiscal responsibility of account managers.

01.02 For the purpose of this policy, income-generating accounts are defined as accounts that are at least partially supported by sales and services generated by that account. This document does not address grant accounts.

Income-generating accounts include organized activities in support of instruction (i.e., the Child Development Center and the Speech/ Hearing/Language Clinic), service departments, and Athletics, as well as other designated and auxiliary accounts with sales and services.

**02. PROCEDURES FOR APPROVING OR DISAPPROVING INCOME- GENERATING PROGRAMS**

02.01 Requests for new income-generating accounts are made on the [Request for New Operating Fund form](http://gato-docs.its.txstate.edu/budget-office/forms/RequestForNewOperatingFund.pdf).

02.02 The assistant vice president for Budgeting, Financial Planning and Analysis (AVPBFPA) approves proposed income-generating activities. Criteria for approval include:

a. the activity is integral to and directly related to the fulfillment of Texas State University's educational, research, public service, or campus support function without regard to profit;

b. the activity is needed to provide reliable goods or services on a consistent basis at a reasonable price, on reasonable terms, and at a convenient location and time; and

c. the activity is carried out for the primary benefit of students, faculty, staff, or constituencies of Texas State, but with sensitivity to the impact on the total community.

02.03 If proposed income-generating activities involve any new fees or increases (student and departmental), the account manager will obtain the appropriate authorizations as outlined in the [Texas State University System Rules and Regulations, Chapter III, Paragraph 1.4 and Chapter IV, Paragraph 2.2 (17)](https://gato-docs.its.txstate.edu/jcr%3A34a3f1a1-48af-4b2b-9abb-42921fb9ae23/Rules%20and%20Regulations%20May%202018.pdf) prior to the income-generating program being established.

02.04 Other criteria reviewed include the quantification of rates and estimated income, the reasonableness of the budgeted expenditures (including benefits and administrative overhead), the matching of revenues with expenditures, and the identification of a compatible account to cover possible deficits.

02.05 If management subsequently determines that a previously-approved activity no longer meets the criteria in Section 02.02, the activity will be curtailed.

**03. PROCEDURES FOR ESTIMATING INCOME**

03.01 For ongoing income-generating accounts during budget development, the account manager may enter estimated income in the budget development system based on prior years' data and any known or anticipated changes in conditions. Requests for changes in estimated income should be addressed to budget@txstate.edu.

03.02 The Office of Budgeting, Financial Planning and Analysis (OBFPA) will review proposed increases and decreases. If warranted, the OBFPA will consult with the account manager and modify estimates. Revenue estimates will then be compiled into a revenue schedule in the budget document.

**04. PROCEDURES FOR DEVELOPING EXPENDITURE BUDGETS**

04.01 Budgeted expenditures should reflect all expected and necessary expenditures.

a. The account manager should seek participation and input from personnel most closely associated with the income-generating activity.

b. Expenditure budgets should not necessarily be tied to the program’s income estimate. Account managers should work in conjunction with the OBFPA to assess the need for a reserve, contingency fund, or institutional expectations for contributions to support other budget areas.

c. Unless another funding source is specifically identified in the budget, expenditures may not exceed the revenue estimate.

d. An account manager need not budget for projected expenditures for facilities construction, renovation, modification, or for other uses of reserves in the regular operating account. However, the development of annual income and expenditure projections should include the need to transfer funds to plant funds or reserves for such needs.

**05. PROCEDURES FOR MONITORING BUDGET COMPLIANCE**

05.01 The account manager is primarily responsible for monitoring budget compliance, ensuring that accounts are within budgetary limits.

Account managers are expected to make as many mid-year adjustments to expenditure budgets as necessary to balance the account or secure approval for alternate funding sources via the respective vice president.

The university will hold account managers accountable for staying within budget. A vice president will consider replacing the account manager if deficits are unreasonable.

05.02 The General Accounting Office will prepare an annual consolidated income statement for income-generating accounts by September 30 of the following year, showing the results of operations, fund balances, and available reserves for each fund.

 The OBFPA will work with the General Accounting Office to finalize the annual consolidated income statement, including explanations of significant variances and related action plans, by October 31, submitting the report to the vice president for Finance and Support Services (VPFSS).

05.03 The AVPBFPA will work with management to resolve deficits. The divisional vice president will fund from another account any deficit where expenditures exceed budget or exceed actual income, unless waived by the President's Cabinet. Before granting a waiver, the President's Cabinet must identify a source of funds to cover the deficit.

05.04 The VPFSS will review the consolidated income statement for income-generating accounts with the president.

**06. REVIEWERS OF THIS UPPS**

06.01 Reviewer of this UPPS includes the following:

Position Date

Assistant Vice President for, November 1 E4Y

Budgeting Financial Planning

and Analysis

**07. CERTIFICATION STATEMENT**

This UPPS has been approved by the following individuals in their official capacities and represents Texas State policy and procedure from the date of this document until superseded.

Assistant Vice President for Budgeting, Financial Planning and Analysis; senior reviewer of this UPPS

Vice President for Finance and Support Services

President