**UW-Platteville Financial Services**

**Policy: Revenue Producing Activities**

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**Purpose:**

The purpose of this procedure document is to formalize the process in which a department can establish a new department account number for a revenue producing activity (RPA) and the requirements for conducting such activity.

Revenue Producing Activities (RPAs) should be integral to fulfilling UW-Platteville's mission of instruction, research and public service. They should be self-supporting or, if not, must be subsidized from specifically identified university sources. Revenue from the sale of goods or services must be deposited to university accounts and recorded on the university's accounting system. RPAs must comply with State of Wisconsin statutes and regulations and UW-System and Board of Regents' policies governing the conduct of business and the use of state monies. Rates must be calculated and applied in a consistent manner to each class of customer. Rates may be different for internal and external customers. The RPA must maintain adequate documentation to support rate calculations for at least five years.

Sales to internal customers must be priced at or below the selling unit's cost of providing the goods or services as required by federal regulations. Virtually all federal grants and contracts awarded to UW-Platteville are on a cost reimbursement basis, thus charges based on rates that recover more than cost would be subject to disallowance in the event of audit. Any UW-Platteville awarded federal grant or federal contract is considered an internal customer and is subject to the internal rate.

If sales to external customers do not fulfill UW-Platteville's mission, the sale must meet one of the following criteria. The goods or services:

- make university resources available to the public at minimal additional cost to the university (e.g., the stadium) subject to institutional approval;
- are unavailable elsewhere in the community (e.g., research by-products);
- are provided as a convenience to the campus community (e.g., cafeteria services);
- are important to maintaining the quality of the institution.

Sales to external customers must be priced to recover all of the selling unit's costs of providing the goods or services.
BACKGROUND:

An RPA is established when revenue is generated from a fee charged for the sale of products owned by the university or services performed by university employees or for admission to an event. If the revenue is from admission to an event, the event must be UW-sponsored or cosponsored and be promoted that way. All RPA must relate to the mission of the UW (instruction, research, or public service) with exceptions as noted on page one. The revenue may be from internal or external customers. Following are examples of various UW-Platteville sales activities:

- Sales of publications and journals,
- Copy center operations for departmental sales,
- Printing services offered by various UW departments,
- Specialized goods or services produced by departments and sold to non-UW users,
- Sales of research by-products, including reports,
- Conferences and workshops sponsored by the University,

It is not necessary to establish an RPA if revenue generated is less than $10,000 per year unless the Dean’s or Divisional leader’s office has set a lower revenue threshold. Revenue from these small operations may be deposited as sales credits (SFS account code 9050 for internal revenue; account code 9051 for external revenue) to the funding source for the related expenditures. Revenue should not be deposited as vendor refunds to expenditure class codes.

DEFINITION:

Revenue Producing Activity: An operation or activity, other than a major auxiliary, that charges for goods or services and operates on fund(s) 102, 128, 136, or occasionally fund(s) 133 or 144.

PROCEDURE:

To establish a new Revenue Producing Activity account in fund 136:

- Complete an RPA Questionnaire;
  - Prepare a schedule of rate calculations for the operation;
- Complete a Budget Adjustment Request form;
- Submit all above documents to Dean’s or Divisional leader’s Office for approval.


If the activity is to be established on fund 133 or fund 144, contact the Office of Research and Sponsored Programs for assistance.
Funding Source

**Fund 136**

Fund 136 (PR - program revenue) can be used for RPAs.

Some or all of the following conditions must be met to establish a fund 136 RPA:

- Inventories of significant value exist at the end of the fiscal year.
- Accounts receivable are significant and overlap fiscal years.
- Revenue is collected in one fiscal year but expenses are paid out in the next.
- Expenses are incurred in one fiscal year but revenue is received in the next.
- The operation involves non-federally funded equipment and the depreciation for that equipment is included in the rates that are charged to users.

Cash surpluses from one fiscal year will carry over to the next fiscal year; deficits also carry over from year to year. Fringe benefits are paid by fund 136 accounts. Interest is not earned on positive balances in the account or charged on deficits.

Study Abroad Programs under the Office of International Students and Programs (Division 10) must be established on fund 128 (per [UW System Administrative Policy 810](#)).

All Non-credit Outreach Education (i.e., educational conferences, workshops or short courses) must be established on fund 136, activity 5. The conference, workshop or short course must be UW-sponsored or cosponsored.

**Funds 133 or 144**

If an RPA is related to a project that is funded by a grant or contract, the Office of Research and Sponsored Programs should be contacted before any RPA account is established. The Office of Research and Sponsored Programs will help the department determine if the revenue producing activity should be incorporated into the fund/account for the contract or grant or if a separate account should be established in another fund.

**Completing an RPA Questionnaire**

By completing the RPA Questionnaire, the department provides much of the information needed by the Dean’s Office or Divisional Leader’s office to complete the approval process and establish the RPA. The [RPA Questionnaire](#) is available on the Forms page within the Budget Office Web site. A detailed set of [instructions](#) for each question is also available at the above Web site.

**Create a Budget**

When a new RPA is requested, an initial budget must be created, using the [Budget Adjustment Request (BAR)](#) form. This form should be attached to the RPA Questionnaire when it is sent to the Dean’s or Divisional leader’s Office for approval. The BAR form and
instructions are available from your Dean’s or Divisional leader’s Office or on the forms page within the Budget Office Web site.

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**FTE Request**

When establishing a new RPA, the department must determine whether new permanent positions will be needed. New RPAs will not automatically be given new FTEs. The Vice Chancellor for Administration controls FTEs at the campus level and monitors authorized position levels, filled position levels and vacancies through the Budget Office.

Planning for FTEs should take place in the annual budget process although requests for new FTEs can be made once the fiscal year has begun through PageUp.

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**RPA Approval Process**

The approval process begins with the completion of the RPA questionnaire by an individual(s) and then approved by the department. The department then attaches a completed Budget Adjustment Request (BAR) form and all rate calculation documentation and forwards all documents to the Dean’s or Divisional leader’s Office.

A budget analyst (BA) from the Budget Office reviews the questionnaire and rate schedules, and assigns a fund, department and program code. The BA completes the Account Code Request form, signs the cover page of the questionnaire and the BAR. The BA must determine that the new RPA is appropriate. The BA emails the Account Code Request forms to the Financial Specialist in the General Ledger Office.

As part of the approval process the BA must review the RPA request for the following conditions:

- Revenue is expected to be greater than $10,000 per year.
- External accounts receivable are expected to exist at the end of the fiscal year.
- Inventories of supplies and/or materials for resale are expected to exceed $100,000 at the end of the fiscal year.
- Unearned revenue is expected to exceed $5,000 at the end of the fiscal year.
- Unrelated business taxable income (UBTI) is expected to be generated.

The last step of the approval process is to send notice of approval to the department, including special instructions, such as handling of sales and year-end financial reporting (accounts receivable, unearned revenue and inventory).

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**Regent Policy on Competition with the Private Sector**

In recent years, concerns have grown nationwide that products and services offered by non-profit organizations, especially publicly funded institutions such as the UW System
campuses, are competing unfairly with similar products and services offered by private businesses. Because of these concerns the UW Board of Regents has adopted 12-1 (formerly Policy 89-1), "Competition With The Private Sector."

Because of this policy, a review committee has been established to advise on issues of competition. This committee includes representatives of the private sector and general public as well as the University. All major new competitive activities should be referred to the committee as well as any ongoing activities whose appropriateness or pricing has been questioned. The responsibilities of the committee are defined in the section of the policy titled "Protocol for Monitoring Institutional Competitive Activities". If your division receives a complaint from a private business regarding unfair competition, or if you are considering a major new competitive activity, call the Vice Chancellor for Administrative Services at 342-1226.

Criteria that should be used to decide whether or not an activity is appropriate for the University to be involved in are defined in the section of the policy titled "Criteria For Judging the Appropriateness of Competitive Activities".

If the proposed activity is sale of classroom materials, such as handouts, consult UW System Administrative Policy 825, Special Course Fees to determine whether students may be charged in addition to tuition and fees.