

## 1. PURPOSE

This policy outlines the responsibility of departments to monitor incidental fee expenditures and balances on an annual basis and the guidance provided by Planning and Analysis to departments for effective annual monitoring of balances.

Incidental Fees are authorized by TEC Section 54.504 which states "The rate of an incidental fee must reasonably reflect the actual cost to the university of the materials or services for which the fee is collected." Therefore, incidental fee revenue cost centers should not accumulate large balances.

## 2. MONITORING PROCESS

- a. The responsibility for monitoring incidental fee balances resides with the cost center managers and college/division budget contacts.
- b. Guidance on appropriate balances in fee cost centers is included in UTRGV's Annual Budget Instructions and reads, "as a rule-of-thumb, balances should not be allowed to accumulate to greater than **20% of annual revenue** of the fee. However, if well-documented, balances may be allowed to fund large cyclical purchases".
- c. The Office of Planning & Analysis provides a monthly balance listing to college and divisional budget contacts for all cost centers, including fees, as a tool for monitoring balances.
- d. At the close of each fiscal year, fee cost center balances shall be assessed and, in cases where a balance exceeds 20% of annual revenue, a justification/action plan is to be developed. It is recommended that this assessment be coordinated with August cost center reconciliations.
- e. The Office of Planning and Analysis budget contacts are available to assist with any questions which arise during annual monitoring of incidental fee balances.

## 3. REPORTING

Documentation of the fee balance assessment and justification/action plans for large balances shall be maintained on file by the college or division office in accordance with records retention policies.