

Reserve for Improvement (RFI)

Reserve for Improvement (RFI) funds are self-supporting activity funds that are set aside for future use. They can be used to fund capital projects, repay working capital loans, purchase additional equipment, buy upgraded or enhanced equipment, and pay for major maintenance and repairs (not annual). They can also be used to cover a deficit in your operating account.

RFI can be included in the rate as long as the amount of recharges to federal (including federal flow-thru) funds is less than 15% of your total customer revenue. It's important to note that this only applies to recharges. In other words, if you recharge an NIH grant, RFI is disallowed; however, if you invoice NIH (meaning NIH is an external customer), RFI is allowed.

RFI Distribution

The entity that approves your rate (i.e., your dean's / vice chancellor's office or the rate committee) forwards the approved rate package to General Accounting. General Accounting creates an operating fund (i.e., 6xxxx) for the activity and a separate RFI fund (i.e., 75xxx). Next, you create accounts in each of those funds and provide the account numbers to General Accounting. Every month, General Accounting transfers the RFI from your operating account (object consolidation SB74 – IMPROVEMENTS) to your reserve account (object consolidation SUB8-UNALLOCATED). To use RFI funds, charge expenses directly to your RFI account.

Federal Rebate

A federal rebate is a credit given to federal customers that have been recharged for Reserve for Improvement (RFI). You can utilize FIS199 to determine the total recharges to federal customers. Reserve for Improvement (RFI) is rebated because it is an unallowable cost to federal customers. General Accounting determines the federal rebate by dividing RFI by Total Costs. General Accounting assigns a unique federal rebate object code to each activity. The object code usually has "F" or "FR" in it, and the description typically contains "Fed Reb" or "Federal Rebate".

If you are the *recharging* department, the federal rebate appears in your operating account under Object Consolidation SUB9 - RECHARGE. If you are checking the ledger by object code, the rebate will appear as 3920 – INTERDEPARTMENTAL RECHARGE REBATE. The document type is GLJV – General Ledger Journal Voucher, the origination code is GA – General Accounting, and the document number begins with JLGN (e.g., JLGN03-12).

If you are the department *receiving* the rebate, the federal rebate appears in the account used to purchase the service, under Object Consolidation SUB3 – SUPPLIES AND EXPENSE. The document type is GLJV – General Ledger Journal Voucher, the origination code is GA – General Accounting, and the document number begins with JLGN (e.g., JLGN03-12). If your account has been used to purchase from several recharge departments, you will see multiple entries.

Expense Transfers Related to Federal Rebate

If you move an expense that had a rebate credit, you will see an off-setting rebate debit in the same account and a rebate credit in the replacement account if it is also a federal contract or grant account. For example, let's say you have an original recharge expense of \$28 with a \$5 rebate credit in Federal account 3-1234567 but the correct account should have been 3-7654321. When you move the recharge expense to the replacement Federal account 3-7654321, the credit of \$28 for the recharge expense in 3-1234567 will generate a debit rebate of \$5 to cancel the prior rebate credit and the recharge expense of \$28 in the replacement account 3-7654321 will generate a rebate credit of \$5.

If the original recharge expense is moved from a federal account to a non-federal account, the credit to move the expense out of the original account will generate a debit rebate entry to cancel the original credit rebate but there will be no rebate entry in the new account; the new account will show the full charge of \$28.

You should never move a rebate credit/debit; only the recharge charge/credit expense that generated it.

If you are within 15%, you can include RFI in your rate. However, any recharges to federal customers are rebated monthly by General Accounting to that fund source.