

Submitted: July 31, 2007

Approved: September 4, 2007

**Recommendation #15: Utility rebate paid into the General Fund by the ISU Utility enterprise**

**Issue number: E-35**

***Background***

Currently, the ISU Utility enterprise pays into the General Fund a “utility rebate” for the use of utility assets. The utility rebate was initially established in 1986 and was based on the depreciation schedule for the assets that were transferred over from the General University to the ISU Utility enterprise in 1986. The \$2,134,333 rebate is a fixed annual amount paid into the General Fund in quarterly installments. The fund account used to record this rebate is 701-11-60 entitled “Depreciation” which is included in the Facilities Planning and Management budget.

Because utilities are going to be paid directly by the primary resource units, both Resource Responsibility Centers (RRCs) and Administrative and Support Centers (ASCs), the issue is who this rebate should be paid to under the Resource Management Model. Several options were identified including:

- a. Discounting the utility rate charged to the primary resource units. It was noted that the current utility billing program used by the ISU Utility enterprise is not designed to charge multiple utility rates.
- b. Distributing each primary resource unit a rebate based on their share of net assignable square feet. It was noted that the net assignable square feet basis may be perceived as an unfair distribution due to differences in buildings’ utility consumption.
- c. Including the rebate payment in the Facility Services expense pool to partially offset the expenses allocated to the primary resource units. Facility Services expense pool is allocated based on net assignable square feet. It was noted that the net assignable square feet basis may be perceived as an unfair distribution due to differences in buildings’ utility consumption.
- d. Including the rebate payment in the Resource Management Fund.

***Recommendation***

It is recommended that the utility rebate payment from the ISU Utility enterprise to the General Fund be included in the Resource Management Fund. By including it in the fiscal year 2009 Resource Management Fund, all resource units will be “made whole”. In subsequent years it would be the decision of university leadership on how the Resource Management Fund, including this utility rebate, is distributed.