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Income-generating Projects of a Philippine State University: Proposal for Strategic Decisions

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Abstract

This study is aimed at evaluating the productivity and financial performance of income-generating projects (IGPs) of a Philippine State University in the Davao Region from 2016-2020. Further, this study uses a descriptive-evaluative research design to analyze and interpret data through the total population sampling, wherein all 22 IGPs were subjected to the evaluation. The results reveal net receipts of 28.16 million from 2016-2020; Crop Production was the highest contributor, while the loss of non-agriculture was recorded in 2020 due to the COVID-19 pandemic. The Crop Production of Campus C had the highest profitability in terms of net income earning 9.04 million for the period covered. Their Commercial Stalls Rental had the most favorable performance in terms of return on investment. The same IGP had the quickest ability to recoup its investment. The Gymnasium and Hostel of Campus C took the lowest Return on Investment and recovery rate. Moreover, the financial contribution of budget allocation and utilization of all IGPs was meager for Instruction and Support to Operations, and no budget shares for the areas of Research and Extension. Hence, eight IGPs are for restructuring and expansion; 11 IGPs are for restructuring only, one IGP is for termination, and one IGP is not subject to any decision strategy.

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The contribution of higher education to human resource development is essential for a country's economic growth and social development. Higher education institutions are an instrument for development, poverty alleviation, and prosperity (World Bank, 2017). In acknowledgment of the significance of higher education in nation-building, an investment is an essential factor. In all countries, higher education dramatically depends on government subsidies (World Bank, 1994).

Over the last 20 years, higher education across Asia has experienced a significant demand increase. While enrollments have increased in higher education, government budgets have either remained static or declined. As a response, the government has employed various strategies to improve the system and management and to develop new approaches for acquiring additional funding sources for higher education (Asian Development Bank, 2011). Consequently, to bridge the gap between budgetary allocations and expenditures, most universities have started implementing income-generating projects to supplement the funding needs (Tsuma & Mugambi, 2014).

Since 1990, the Public Universities in Kenya have received less government financial subsidies than their estimated expenditures. The reason they resorted to various income-generating projects is to augment their revenue. For instance, Egerton University IGPs have positively contributed with 20% liquidity; this has not significantly contributed to the University's budget (Murage, 2015), which showed that the major contributor to the Financial Performance is the revenue from self-sponsored students. A similar study by Butare (2004) also stated that income from tuition and other fees is considered income generation activity in Rwanda. Since this was the case in African Universities, these studies have overstated the contribution of IGPs in financing public universities.

Meanwhile, more than the regular annual fund of the Philippines' 114 State Universities and Colleges (SUCs) from the national government is needed, the reason they have alternative sources of funds such as Income Generating Projects (IGPs) and Tuition Fee collection. The Republic Act 8292, or the "Higher Education Modernization Act of 1997," was enacted, granting SUCs the liberty to broaden their resource base. Only 111 out of 114 SUCs are engaged in IGPs based on the 2017-2019 Annual Audit Report (AAR) and 2019-2020 Report of Revenue and Other Receipts (FAR 5). Bulacan Agricultural State College IGPs provides financial support to its operations, but its contribution is small (Blas, 2018).

In Region XI, four out of six SUCs have engaged in IGPs consisting of Hostels, Dormitory, Agricultural Production, and Rent or Lease of facilities. Also, in the Alda (2019) study, the IGP of one of the region's SUCs continuously declined. The income from the IGPs contributes to filling up the gaps in the financial resources of the SUCs. In the study conducted by Serafica (2016), IGPs have been employed over the years, revealing that the financial Performance of a Philippine State University, Campus A, has been sustained from 2006-2015. However, no study evaluated each IGP's productivity and financial contribution across the three campuses– Campus A, Campus B, and Campus C; hence this study was conducted.

Theoretical Framework

This study is anchored on the Resource Dependence Theory (RDT) of Pfeffer and Salancik (1978). This theory has established that organizations theoretically depend on external sources such as financial and physical resources and information from external sources. According to Murage (2015), RDT theory has provided a useful conceptual tool that explains organizational responses to resource challenges. He further stressed that acquiring resources leads to an organization's dependence on other organizations, and the scarcity of resources determines the degree of dependence. Therefore, organizations are directed

toward removing the threats to the organization (Mamo, 2011). Murage (2015) cited in his study that, as Universities can operate in various markets, they may be able to build multiple linkages to mitigate insufficient resources by developing several revenue-generation strategies (Clark, 1998).

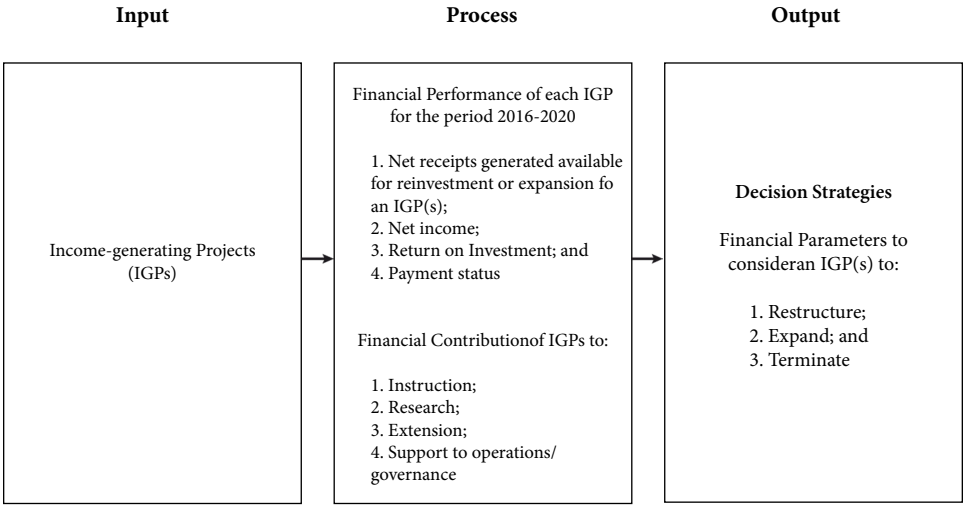
Further, this study is also grounded on the concept of Otley (2007) on the need to measure financial performance to make sound economic decisions towards the improvement of the organization and to guarantee the achievement of organizational goals. Accounting has traditionally been used in evaluating Financial Performance as a quantitative approach to organizational performance measurement. As performance measurement evolved over the years, non-financial performance measurement was paired with accounting to measure the performance of the business holistically. However, the study currently undertaken focuses on financial performance. All public and private organizations have to live with financial challenges and strive to provide the perceived value of money to stakeholders. The finance function has to play a vital role in efficiently and effectively managing financial resources and installing measures to ensure financial distress survives. Failure to do so will eventually lead to bankruptcy. The primary functions of financial performance as a tool for financial management are the efficient use of financial resources to support organizational objectives, measuring the profit and return on investment, and evaluating operational activities that apply to SUCs. Thus, it allows the SUCs to investigate areas of concern and make operational strategies to improve performance. It also allows for identifying IGPs with poor performance and deciding whether to continue or discontinue the identified IGP.

Conceptual Framework

The researchers used the systems theory using a systematic approach to Input-Process-Output Model. The Input contains the IGPs, IGPs' Financial Performance, and Financial Contribution under the Process; Decision strategies under Output. The conceptual framework shows that the University can engage in various and diverse IGPs to respond to the urgent call of the government to reduce budget dependency. The liberalization of the resource base for the University is designed to cope with the decreasing subsidy from the national government for the maintenance and operating cost. The university's IGPs include productive ventures, lease and rentals, crop production, livestock, poultry products, service, and other IGPs. The University has also been free to engage in business other than the existing IGPs. All these endeavors by the University are expected to influence the financial Performance of the IGPs that has a direct effect on the financial contribution of the projects to the University, including but not limited to funding infrastructures projects, supporting the funding for maintenance and operating expenses, provide for additional investment for a new IGP as well as the expansion of an IGP. The benefits of IGPs are not limited to the financial aspect because other benefits may be provided non-monetary. For this study, the researchers only focus on the financial contribution of IGPs by assessing their productivity and Financial Performance. Specifically, this study evaluates the status of capital or investment, annual revenue, operating costs, net income, number of IGPs implemented, return on investment, the status of payback, and the level of the financial contribution of IGPs to the University.

Figure 1

Conceptual Framework of the Study



Materials and Methods

This descriptive-evaluative research evaluates the extensive information and understanding of the dynamics and mechanism of income-generating projects of the University and the financial Performance by determining its annual revenue, operating costs, return on investment, and payback status. Data gathering using the descriptive-evaluative method concentrated more on collecting and reviewing audited financial statements and analyzing data from accounting ledgers and budget reports.

Since the study aimed to evaluate the IGPs of the University, the research was employed to examine the outcome of the activities, the findings, and the results, which shall influence the decisions to be made for future improvement to achieve the University's goals.

Secondary data were gathered by acquiring permission to access the audited Financial Statements, accounting, IGPs' financial records and ledgers, budget records, and reports. Considering that the University had only 23 IGPs, the researchers used the Total Population Sampling (TPS) method to include the entire population that meets the criteria (e.g., specific skill set, experience). This technique was applied because all the IGPs included for evaluation had the same characteristics and criteria. The IGPs were reviewed and examined to generate additional revenues to help sustain financing the University. Thus, the researchers chose all the IGPs of Campus A, B, and C.

In analyzing the collected data, the financial performance and budgets managed using the data collection sheet were analyzed using the financial ratios to compare results over several periods (Pandey, 2005 in Murage, 2015) and on accounting formulas. The financial ratios and accounting formulas were derived from the University's financial statements, accounting, and IGP records and reports. The equations are the following:

$$\text{Percent change} = \frac{\text{Current Year Amount - Prior Year Amount}}{\text{Prior Year Amount}}$$

$$\text{Trend Percentage} = \frac{\text{Current Year Amount}}{\text{Base Year Amount}}$$

$$\text{Net Income} = \text{Annual Revenues - Operating Costs}$$

$$\text{Return on Investment} = \frac{\text{Net Income from Investment}}{\text{Investment}}$$

Furthermore, the payback period model was employed to determine how quickly managers expect to recoup the investment. The researchers used this measure to evaluate the status of existing IGPs in terms of recovering the investment allotted for the project. The payback period is calculated as follows:

$$\text{Payback Period} = \frac{\text{Investment}}{\text{Net Cash Flows}}$$

Further, this study involved analyzing the percentage of IGPs revenue/income utilized to finance the University by examining disbursements made and evaluating whether this income utilization relates to the purchase of supplies and equipment for instruction, administration, and research and extension; payment for salaries of staff and maintenance of facilities for instruction, administration and research and extension and among others.

As a result, secondary data collection with the respective offices complied with the University's Data Privacy Policy. Ethical considerations, such as confidentiality and research approval, were considered when obtaining the data. The offices were informed about the study through an email sent by the Records Division. The researchers also planned for the potential disclosure of sensitive and private information when gathering data. The researchers also anticipated the possibility of severe and intimate information disclosed during the data collection process. In analyzing the data, the researchers reported the full range of findings, including those that may contradict the results. Results were published in aggregated form to protect the anonymity, privacy, and confidentiality of the University.

Results and Discussion

2016 to 2020 Financial Performance of the University's IGPs

The financial performance of each IGP in terms of net receipts generated available for reinvestment or expansion of an IGP/s, net income, return on investment, and payback using the data from the period 2016-2020 is detailed in the tables presented in the subsequent discussions. The relationship of these data to the Performance of IGPs is extensively elaborated and interpreted. As shown in Table 1, the existing IGPs are found in the three campuses: Campus A with 10 IGPs, Campus C with eight IGPs, and Campus B with four IGPs.

Table 1

List of Income-Generating Projects (IGPs) per Campus: 2016-2020

Campus		
Campus A	**Campus B**	**Campus C**
Commercial Stalls Rental	Commercial Stalls Rental	Chairs Rental
Hostel	Hostel/Dormitory	Crop and Lumber Production
Printing Services	Canteen Rental	Gymnasium Rental
Social Hall Rental	Crop Production	Classroom Rental
Concessions	Livestock and Poultry Production	
Gymnasium Rental	Gymnasium Rental	
Oval/Field/Space Rental	Water Systems Rental	
Covered Court Rental	House Rental	
Classroom Rental		
Review Center		

A net receipt is a net amount generated for reinvestment or expansion of an IGP/s from 2016 to 2020 after deducting expenditures from receipts. Table 2 presents the financial Performance of each IGP in terms of its ability to generate financial resources to finance a new business or expand an existing IGP(s). Results show that the University's IGPs generally generate funds for reinvestment or expansion of an IGP(s). In less than 5 years, they could generate funds of ₱24.74 million. However, the University may consider the viability, profitability, return on investment, and payback in deciding which business to undertake or which IGP to expand. The situation being in a dilemma in choosing a business venture, whether new or an expansion, concurred with Adan and Keiyoro (2017) that the implementation of IGPs is influenced by adequate capital investment.

Table 2

Net Receipts Generated Available for Reinvestment or Expansion of an IGP(s) by each IGP per Campus: 2016-2020

Net Receipts (in Thousand Pesos)						
Income-generation project (IGP) per Campus	2016	2017	2018	2019	2020	Total
Campus A						
Commercial Staffs	1,295	1,362	916	(1,479)	233	P2,327
Hostel	1,203	839	(1,398)	1,198	(92)	1,749
Printing Services	0	1,518	1,873	299	(156)	3,535
Social Hall Rental	261	209	92	62	(121)	503

Concessions	65	13	9	9	0	96
Gymnasium Rental	(686)	2,908	2,275	210	(520)	4,187
Oval/Field and Space Rental	22	46	48	80	6	202
Covered Court Rental	40	23	22	7	0	92
Classroom Rental	0	84	1	14	0	99
Review Center	184	183	63	(42)	0	388
Total per Campus						**13,180**
Campus C						
Commercial Stalls	457	575	439	341	120	1,931
Hostel and Dormitory	(187)	241	20	20	22	115
Canteen Rental	70	140	24	17	3	254
Crop Production	4,483	2,128	1,871	(1,090)	48	7,440
Livestock/Poultry	151	301	94	101	0	647
Gymnaisum Rental	30	13	54	47	0	144
Water Systems Rental	235	202	43	242	83	806
House Rental	18	18	14	12	6	67
Total per Campus						**11,502**
Campus B						
Chairs Rental	0	0	0	5	2	7
Crop and Lumber Production	0	0	0	23	0	23
Gymnasium Rental	0	0	0	14	0	14
Classroom Rental	0	0	0	16	4	20
Total per Campus						**63**
Grand Total						**24,745**
Cash Balance *as of June 30, 2020*						**57,750**

Net income plays a vital role in assessing the financial performance of each IGP. It is the net amount after deducting operating costs from revenues. The University generated at least ₱30 million net profits from 2016 to 2020 with Campus A having the highest profit of 16 million, while Campus B with the lowest profit of ₱83,000.00 as shown in Table 3. The movements of annual revenues and operating costs usually influence net income. A sudden decline in revenues in 2019 caused a loss during the year; on the other hand, the high decrease in net income in 2018 was caused by the increase in personnel salaries. Net income from 2016 to 2019 could have been lower had the attribution of salaries and allowances of the Director and electricity expenses in which payments were made from the Regular Agency Fund were recorded in the IGP reports.

The findings of this study, which directly influence the movement of net income on the operating costs, corroborate with the study of Manasan and Revilla (2015), which showed that SUCs have different treatment of salaries of faculty handling IGPs operations and other operating costs as these expenses were typically reported as an expense in the General Fund, currently known as Regular Agency Fund. Further, the results of this study were in concurrence with the conclusion of Thuva and Muturi (2017) that internal control directly influences financial performance because one objective of internal control in PGIAM 2020 was to check the accuracy and reliability of accounting data. The failure of the University to adhere to this principle was the result of the improper recording of accounting data.

Table 3

2016-2020 Net Income and Profit Ratio of each IGP (In thousand pesos)

Income-generation project (IGP) per Campus	2016		2017		2018		2019		2020		Total Net Income
	Net Income	Profit (Loss) Ratio	Net Income	Profit (Loss) Ratio	Net Income	Profit (Loss) Ratio	Net Income	Profit (Loss) Ratio	Net Income	Profit (Loss) Ratio	
Campus A											
Commercial Stalls Rental	1,185	85%	1,235	85%	790	77%	362	54%	207	52%	3,779
Hostel	1,405	73%	1,292	69%	801	53%	1,754	72%	(219)	-73%	5,033
Printing Services	0	0%	1,516	96%	1,579	68%	20	1%	(405)	3230%	2,710
Social Hall	261	68%	209	44%	92	23%	288	55%	(128)	(218)%	722
Concessions	65	100%	13	100%	10	100%	10	100%	0	0%	98
Gymnasium Rental	(900)		2,615	70%	1,956	58%	2,121	56%	(2,677)	0%	3,115
Oval/Field and Space Rental	23	100%	46	100%	48	100%	92	100%	6	91%	215
Covered Court Rental	40	100%	23	100%	22	100%	7	100%	.8	100%	92
Classroom Rental	0	(234)%	84	100%	1	100%	15	100%	0	0%	100
Review Center	184	74%	183	74%	63	41%	(42)	(84)%	0	0%	388
Sub-total											**16,248**
Campus C											
Commercial Stalls	457	100%	575	100%	439	100%	454	100%	119	94%	2,044
Hostel and Dormitory	(215)	(94)%	238	67%	20	15%	31	63%	14	67%	88
Canteen Rental	70	100%	140	100%	24	100%	23	100%	3	31%	260
Crop Production	4,483	60%	2,270	31%	1,857	28%	581	9%	(147)	(8)%	9,044
Livestock/Poultry	151	10%	339	34%	90	4%	601	30%	0	0%	1,181
Gymnaisum Rental	30	100%	13	100%	54	100%	47	100%	0	0%	144
Water Systems Rental	235	100%	202	100%	225	95%	206	85%	47	73%	915
House Rental	18	100%	18	100%	14	100%	16	100%	6	100%	72
Sub-total											**13,748**
Campus B											
Chairs Rental	0	0%	0	0%	0	0%	7	97%	2	100%	9
Crop and Lumber Production	0	0%	0	0%	0	0%	31	100%	0	0%	31
Gymnasium Rental	0	0%	0	0%	0	0%	18	100%	0	0%	18
Classroom Rental	0	0%	0	0%	0	0%	21	100%	4	100%	25
Sub-total											**83**
Grand Total											**30,079**

The Return on Investment (ROI) plays an essential role in the decision process; thus, a valuable tool in deciding what decision strategies to choose for each IGP. The basic rule to follow in analyzing ROI is that the higher the ROI, the higher benefits are gained from an investment. For 2016-2020, the IGP with the highest ROI was the Commercial Stalls Rental of Campus C as shown in Table 4. This IGP has an invested capital amounting to ₱167,000.00. This building was built in 1992, thus, explaining the small investment for this IGP. This IGP has been generating revenues for the University for more or less 28 years already. The benefits accumulated from this investment were overwhelming: for 2016 to 2020 alone, its ROI has already reached 1,217%. On the other hand, the IGPs that have been slow in gaining benefits from its investment are the Gymnasium Rental and Hostel and Dormitory of Campus C. Both have resulted in a 1% ROI.

Table 4

Amount of Invested Capital and Return on Investment of each IGP: 2016-2020

IGP	Amount of Invested Capital (in Thousand Pesos)	Return on Investment (ROI)
Campus A		
Commercial Stalls Rental	5,661	67%
Hostel	4,788	105%
Printing Services	5,102	53%
Gymnasium Rental	107,364	3%
Campus C		
Commercial Stalls Rental	167	1217%
Hostel and Dormitory	7,377	1%
Canteen Rental	478	55%
Gymnasium Rental	18,865	1%
Water Systems Rental	373	195%
Campus B		
Gymnasium Rental	1,000	2%

The payback analysis depicts the level of recovery this investment has achieved. Table 5 presents the details of the payback status. Included also in the table is the amount of invested capital for each IGP. Regarding payback status, Commercial Stalls Rental of Campus C has the highest ability to recover its investment quickly. This IGP has a 100% recovery of invested capital. With the net receipts from 2016 alone, it only took 5 months for this IGP to recover its invested capital. Gymnasium Rental and Hostel and Dormitory took the bottom place in recovering the invested capital. These IGPs have been the slowest in recovering their invested capital, and with the data from 2016 to 2020 alone, these IGPs have only recovered 1% of their invested capital.

Table 5

Amount of Invested Capital and Payback Status of each IGP: 2016-2020

IGP	Amount of Invested Capital (in Thousand Pesos)	Payment Status
Campus A		
Commercial Stalls Rental	5,661	41%
Hostel	4,788	37%
Printing Services	5,102	69%
Gymnasium Rental	107,364	4%
Campus C		
Commercial Stalls Rental	167	100%/ 5 months
Hostel and Dormitory	7,377	1%
Canteen Rental	478	53%
Gymnasium Rental	18,865	1%
Water Systems Rental	373	100%/ 1 year & 8 months
Campus B		
Gymnasium Rental	1,000	2%

Contribution of IGPs to Instruction, Research, Extension, and Support to Operation/Governance

The ultimate purpose of employing IGPs in public universities is to significantly contribute to the University's core functions: instruction, research, extension, and support to operations/governance, according to Sapitula (2012). To ensure the attainment of IGPs purpose, CHED has issued a CHED Memorandum Circular (CMO) 20, series of 2011, that mandates SUCs that 25% of administrative costs or any arrangement approved by the board shall be directly remitted to be used by the Administration. The issuance of the memorandum purposely established uniform fiscal policies as a guide to SUCs on the use and disposition of all receipts and collections for use in operations, including income-generating activities such as dorm rentals, spaces for rent, service fees, and charges, and the like. The memorandum covers all SUCs campuses and any other extension under the direct supervision of the University President or his duly authorized representative or designee. The Top Management shall then decide the 25% administrative costs for budget programming. Results show that only the Instruction with ₱414,000.00 and Support to Operations with ₱5,190,000.00 have budget outsourced from IGP. Extension and Research have had zero budget share from the IGP since 2016. It is recorded that 10 expenditures were taken from the lease and rentals under Fund 163, and five expenditures were taken from the receipts from production ventures under Fund 161. The IGPs have a total revenue earned or the total receipts of ₱74.44 million from 2016 to 2020.

Based on the results, there was no administrative cost that was transferred to Administration during the years 2016 to 2020. However, per budget records, there was a withholding of 25% of the total 2019 collections. The amount withheld was excluded from the budget programming of IGPs but was never remitted. This means that the University needs better internal control over its adherence to organizational policies and compliance with laws and regulations (PGIAM). The 25% administrative cost was based on the actual collections. In the case of this University, collections typically equal annual revenues. Thus, IGPs shall supposedly remit the administrative cost of 18.61 million to the Administration, which is 25% of the total revenues. Out of the supposed 18.61 million contributions of IGPs to the University, IGPs have only

contributed 2% to instruction and 28% to support operations/governance in contrast to the statement of Sapitula (2012) mentioned above because none has been spent for research and extension.

Table 6

Amount of Financial Contribution of IGPs' Revenues concerning Instruction and Support to Operations/ Governance: 2016-2020

2016-2020 (in Thousand Pesos)							
Object of Expenditures	**Fund Source**	**Instruction**					**Total**
		2016	**2017**	**2018**	**2019**	**2020**	
Property and Equipment	163	0	0	0	125	0	125
Office Equipment	163	0	0	0	158	0	158
Sports Equipment	163	0	0	0	53	0	53
Representation Expenses	163	8	0	21	30	0	59
Supplies Expenses	163	0	0	0	3	0	3
Rent Expenses	163	0	16	0	0	0	16
Total Amount		**8**	**16**	**21**	**369**	**0**	**414**
		Support to Operation/ Governance					
Property and Equipment	163	0	0	0	100	0	100
Office Equipment	161	0	0	121	0	0	121
Representation Expenses	163	0	0	4	12	0	16
Supplies Expenses	161	0	0	62	0	0	62
Training Expenses	163	0	0	0	17	0	17
Gasoline Expenses	163	2	0	0	0	0	2
Infrastructures	161	0	0	0	2,547	0	2,547
Repairs Expenses	161	0	0	0	2,237	0	2,237
Security Services	161	0	0	0	88	0	88
Total Amount		**2**	**0**	**187**	**5,001**	**0**	**5,190**

As a state-owned university, its primary role is to provide service to students. In order to fulfill this responsibility, facilities are constructed and acquired. With this, the University is expected to regard students as a top priority in all aspects. IGPs were only established to augment the financial resources of the University as a by-product of the University's existence. Some assets of the University used for IGPs are also used to cater to the University's academic and administrative activities, including accommodation to stakeholders.

Aside from financial inflows from external clients serving as IGP revenues, the usage of facilities for the University's activities is quantified by translating it into amounts to present the services contributed by these assets. The amount was computed by identifying the number of hours the activity lasted and multiplied by the per-hour rate for the Social Hall, Field, Covered Court, Gymnasium, Dining, and Training Hall of the Hostel. In contrast, for Hostel accommodation, several days are multiplied by the rate per day.

Table 7 shows the imputed amount for academic and administrative activities of Campus A only, as well as free accommodation to stakeholders from 2016 to 2020. No data was retrieved for other campuses as well as data for 2016. The IGP that has the highest contribution was Gymnasium. It contributed to instruction with an imputed amount of 11.44 million, support to operations with an imputed amount of 1.54 million, and no contribution to research and extension. The IGP with the highest contribution to Research was Hostel, with an imputed amount of ₱537,000.00. Lastly, Social Hall was the lone IGP that had a contribution with an imputed amount of ₱15,000.00. The imputed contributed amount needed to be lowered because it had the highest rent per hour, not because the usage was high. On the other hand, the field had the lowest contribution because it was rare, not because it had the lowest rate per hour.

Table 7

Annual Imputed Contribution of IGPs, Campus A: 2016-2020

Imputed Contributed Amount (in Thousand Pesos)							
IGP	**Core Function**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Social Hall	Instruction	0	731	569	747	115	2,162
	Research	0	5	0	15	0	20
	Extension	0	0	0	15	0	15
	Support to Operations	0	7	0	67	3	77
Sub-total		**0**	**743**	**569**	**844**	**118**	**2,274**
Oval/Field	Instruction	0	98	132	48	28	306
	Research	0	0	0	0	0	0
	Extension	0	0	0	0	0	0
	Support to Operations	0	2	0	0	0	2
Sub-total		**0**	**100**	**132**	**48**	**28**	**308**
Covered Court	Instruction	0	141	87	179	7	414
	Research	0	0	0	0	0	0
	Extension	0	0	0	0	0	0
	Support to Operations	0	0	0	0	0	0
Sub-total		**0**	**141**	**87**	**179**	**7**	**414**
Gymnasium	Instruction	0	5,720	2,700	3,024	0	11,444
	Research	0	0	0	0	0	0
	Extension	0	0	0	0	0	0
	Support to Operations	0	940	360	240	0	1,540
Sub-total		**0**	**6,660**	**3,060**	**3,264**	**0**	**12,984**
Hostel	Instruction	0	66	21	100	21	208
	Research	0	169	149	177	42	537
	Extension	0	2	0	0	0	2
	Support to Operations	0	281	277	396	104	1,058
Sub-total		**0**	**518**	**447**	**673**	**167**	**1,805**
TOTAL		**0**	**8,162**	**4,295**	**5,008**	**320**	**17,785**

Proposed Decision Strategies on IGPs: Restructure, Expand, or Terminate

This study's primary goal is to formulate decision strategies for each IGP to aid the management in decision-making. Evaluation of the financial performance of each IGP has provided relevant information as parameters for making profitable and educated decisions in selecting which decision strategy is best suited for each IGP. The researchers formulated the following criteria to decide whether the IGP is subject to restructuring, termination, or expansion.

a. Restructure. Based on the three-year financial reports, the IGP can be restructured if there is a decreasing or inconsistent trend in net income; with an ROI of 3% or below; 4% or below payback status; and the incurrence of Net Loss.

b. Expand. The expansion of an existing IGP may be implemented if the Capital requirement is within or lower than the available net receipts; it can generate net receipts that would be available for future reinvestment or expansion of an IGP/s: higher net income, higher return on investment; can recover quickly; and has fixed revenue inflows.

c. Termination. The IGP would be terminated if there is continuous incurrence of net loss; continuous incurrence of negative ROI; recovery is least likely or impossible to happen; and it is impractical to increase the price, fee, or rental fee as dictated by the competing market.

Table 8

Matrix on Applicable Decision Strategies for each IGP regarding restructuring, expand, or terminate

Restructure		**Expand**		**Terminate**	
Campus A					
1	Commercial Stalls	1	Commercial Stalls		
2	Hostel	2	Hostel		
3	Printing Services				
4	Social Hall				
5	Concessions				
6	Gymnasium				
7	Oval/Field/Space Rental				
8	Covered Court Rental				
9	Classroom Rental			1	Review Center
Campus C					
10	Commercial Stalls Rental	3	Commercial Stalls Rental		
11	Hostel/Dormitory				
	Canteen Rental	4	Canteen Rental		
12	Crop Production	5	Crop Production		
13	Livestock and Poultry Production	6	Livestock and Poultry Production		
14	Gymnasium				
15	Water Systems Rental	7	Water Systems Rental		

16	House Rental				
Campus B					
17	Chairs Rental	8	Chairs Rental		
18	Gymnasium Rental				
19	Classroom Rental				

The result and findings drawn from the evaluation of the financial performance of each IGP revealed that the Income Generating Projects (IGP) of this University are profitable under normal conditions. The capital accumulation ability of the university's IGPs is very satisfactory. They generated 28.16 million in less than five years, with Crop Production being the highest contributor by providing 9.08 million, 32% of the total contribution. Except for the Loss in 2016 by Gymnasium in Campus A and Hostel and Dormitory in Campus C, all other IGPs have resulted in net income. The incurrence of loss in 2020 is an exception because the situation was uncontrollable during the year because of the pandemic spread. Crop Production of Campus C has the highest profitability in net income earning 9.04 million, and Chairs Rental in Campus B has the lowest net income earning ₱8,000.00 only for the period covered. Commercial Stalls Rental in Campus C has the most favorable performance in terms of return on investment, and its ROI has already reached 1,217%.

The same IGP has the quickest ability to recoup its investment; the IGP's payback status has a 100% recovery rate having to recover its investment in just 11 months, given the data from 2016-2020. The Gymnasium and Hostel/Dormitory of Campus C took the lowest ROI and recovery rate. Both IGPs accomplished 1% ROI and a 1% recovery rate for the period covered.

According to Balatbat-Cabrera (2014), efficient management of IGP can achieve a satisfactory return and profitability on its investment, control and manage operating costs within reasonable limits, and attain the level of investment at its optimum returns. Based on the three criteria used in decision-making, eight IGPs are for restructuring and expansion, 11 IGPs are for restructuring only, one IGP is for termination, and one IGP is not subject to any decision strategy. Further, the IGPs of SUCs are one of the alternative sources for implementing projects not funded by the National Government. Hence, resources must be used optimally and combined with appropriate financial Management and accounting control.

Conclusion

The financial performance of income-generating projects of the University has been very satisfactory in capital accumulation and earning profits, except for years where losses are incurred. Despite these losses, this study revealed that IGPs could withstand adversities, as evidenced by the quick recovery from Loss in the succeeding years. Six IGPs are excellent at generating benefits from their investment based on their performance by earning high ROI over the period covered. The same six IGPs can recover their investment by quickly achieving a high recovery rate. IGPs with high returns and recovery rates are Commercial Stalls Rental in Campus A and C; Hostel in Campus A; Printing Services; Canteen Rental; and Water Systems Rental. The University's IGPs' financial contributions to help finance instruction, research, extension, and administrative activities were relatively low. In this aspect, the University needs to follow the policies on using IGP-generated funds. As a result of this evaluation, eight IGPs are for restructuring and expansion but subject to the conduct of the feasibility study and approval of the Governing Board; 11 IGPs are for restructuring; one IGP is for termination; and one IGP is not subject to any decision strategy.

Thus, a cost management system may be established, especially for IGPs with high operating costs. In financial reporting, feasibility studies, or business plan financial projections and pricing, include all attributions for salary and allowances of permanent faculty and staff designated in IGPs. A separate book of accounts for IGPs must be established. Conducting a periodic assessment of IGPs must be meticulously and religiously undertaken. Formulate policy in terms of budget attribution for instruction, research, extension, and production. Further, future researchers may also study the non-financial factors that influence the performance of the IGPs to obtain non-financial parameters to be paired with the financial parameters of this study to evaluate overall organizational performance.

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