

## POLICY CONCEPT FORM

Name and UO Title/Affiliation:	Kassy Fisher, Assistant Vice President for Administration and Chief of Staff, Finance & Administration
Policy Title & Policy :	<b>Charging Administrative Overhead Costs</b> to replace: - Return of Overhead Charges on Continuing Education and Designated Operations Activities (UO Policy 06.00.07) - Charging Administrative Costs to Auxiliary Enterprises (OAR 580.011.0045)
Submitted on Behalf Of:	Jamie Moffitt, VPFA & CFO
Responsible Executive Officer:	Vice President for Finance and Administration

SELECT ONE:  New Policy       Revision       Repeal

HAS THE OFFICE OF GENERAL COUNSEL REVIEWED THIS CONCEPT:  Yes       No  
If yes, which attorney(s): Missy Matella; Bryan Dearing

### GENERAL SUBJECT MATTER

This policy, "Charging Administrative Overhead Costs," is to advise stakeholders that the university charges overhead to auxiliaries, service centers, and other types of self-support funds for the use of university administrative and physical resources, and to advise stakeholders where to find more detailed information.

### RELATED STATUTES, REGULATIONS, POLICIES, ETC.

In response to feedback received regarding the proposal to repeal the two policies listed below, we propose this new policy to replace both policies. The two existing policies are obsolete and/or do not accurately address how administrative overhead and charged by the university.

*Proposed for repeal under this concept form are:*

-UO Policy Statement 06.00.07  
"Return of Overhead Charges on Continuing Education and Designated Operations Activities"  
<http://policies.uoregon.edu/policy/by/1/06-finance-and-business-affairs/return-overhead-charges-continuing-education-and-designa>

- OAR 580.011.0045  
"Charging Administrative Costs to Auxiliary Enterprises"

<http://policies.uoregon.edu/charging-administrative-costs-auxiliary-enterprises>

The overhead rates, how they are structured, what services are covered, exemption request process and additional information can be found on the Business Affairs website, <http://ba.uoregon.edu/content/department-assessments>

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#### **STATEMENT OF NEED**

The university, in support of its operations, has a long-standing and transparent practice and process for determining, evaluating and assessing fees for overhead costs (such as administrative costs, utilities, etc.) to auxiliaries, continuing education and designated operations funds. We recommend replacing two policies, one a former OAR and the other a UO policy statement, with a more simple and accurate statement about the university's engagement in this practice.

OAR 580.011.0045 states that the university engages in the practice of charging administrative overhead and lists non-general fund enterprises that are charged overhead. UO Policy 06.00.07 outlines a procedure that no longer is applicable.

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#### **AFFECTED PARTIES**

Units with auxiliary funds and other non-General and education funds are charged administrative overhead and are, therefore, affected by this policy. The proposed new policy reflects current practice so putting it into place and repealing the outdated OAR 580.011.0045 and UO Policy 06.00.07 has no adverse impact.

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#### **CONSULTED STAKEHOLDERS**

*Which offices/departments have reviewed your concept and are they confirmed as supportive? (Please do not provide a list of every individual consulted. Remain focused on stakeholders (e.g. ASUO, Office of the Provost, Registrar, Title IX Coordinator, etc.).)*

<b>Name</b>	<b>Office</b>	<b>Date</b>
Stuart Laing	Budget and Resource Planning	Jan 2017
Brad Shelton	Office of the Provost and Academic Affairs	Jan 2017
Missy Matella, Bryan Dearinger	Office of the General Counsel	Jan, April 2017
Jamie Moffitt	Office of the VPFA/CFO	Jan 2017
Michael Griffel	Housing	April 2017

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David Landrum	Research and Innovation	April 2017
Kelly Wolf	BAO	Mar 2017

## **TEXT OF PROPOSED NEW POLICY**

### **Charging Administrative Overhead Costs**

The university will assess auxiliary operations, designated operations, service centers, and continuing education funds administrative overhead in order to recover the cost of central services provided to these entities. Rates charged to units will be based on a methodology that uses cost pools to allocate expenses. Detailed procedures, calculations for rates, and exemptions will be posted on the Business Affairs website.

## **TEXT OF THE POLICIES TO BE REPEALED AND REPLACED BY THE ABOVE:**

### **Return of Overhead Charges on Continuing Education and Designated Operations Activities**

*Originally UO Policy Statement 06.00.07*

All Continuing Education funds (both for-credit and not-for-credit in any fund group), and all Designated Operations funds will be assessed an 8 percent overhead charge. In special circumstances and upon the written request of the fund manager, the provost or appropriate vice president may reimburse or waive some or all of the overhead charge. The following criteria may be used in deciding whether or not to reimburse an activity.

- If the activity primarily involves secondary students and has potential positive recruiting consequences for the University;
- If the activity is planned to continue over some time, entails some risk in the undertaking, and will require expending funds for setup costs before significant income can be earned.
- If the University is selected as the site of the annual meeting of a prestigious national professional association or otherwise hosts an event that brings additional distinction to the University.

The provost or other vice president will consult from time to time with the Associate Vice President for Budget and Finance concerning the effect of overhead collections decisions upon the university's income budgets.

### **Charging of Administrative Costs to Auxiliary Enterprises**

*Originally OAR 580.011.0045*

(1) A proportionate share of the University's accounting, overhead and administrative costs are apportioned among the auxiliary enterprises in accordance with University policy. The basis for apportioning institutional accounting and administrative costs is determined by the University.

(2) In recognition of use of student centers, housing, food service buildings, recreational buildings and intercollegiate athletic facilities for instructional and public service programs, the University may fund from education and general services resources a proportionate share of the physical plant costs of operating and maintaining these auxiliary enterprises. Such funding is generally apportioned according to use and space except that education and general services resources normally shall not be used to support such revenue-producing areas as food service, bookstore, barber shop, game room, housing and other similar areas that should be self-supporting. The basis for apportioning institutional physical plant operation and maintenance costs shall be determined by the University.