

## POLICY CONCEPT FORM

<b>Name and UO Title/Affiliation:</b>	Kassy Fisher, Chief of Staff to VPFA, and Chuck Williams, Associate Vice President for Innovation
<b>Policy Title/# (if applicable):</b>	Finance and Business Affairs- IMD 6
<b>Submitted on Behalf Of:</b>	Jamie Moffitt, VPFA & CFO, and Cass Moseley, Interim VPRI
<b>Responsible Executive Officer:</b>	Vice President for Finance and Administration (VPFA)

**SELECT ONE:**  New Policy  Revision  Repeal

**HAS THE OFFICE OF GENERAL COUNSEL REVIEWED THIS CONCEPT:**  Yes  No

If yes, which attorney(s): Craig Ashford

### GENERAL SUBJECT MATTER

*Include the policy name and number of any existing policies associated with this concept.*

Finance and Business Affairs, Internal Management Directive 6,

<https://policies.uoregon.edu/finance-and-business-affairs>

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

UO Board's Retention and Delegation of Authority, <https://policies.uoregon.edu/vol-1-governance/ch-1-governance-board-affairs/retention-and-delegation-authority>

University Fiscal Policy, <https://policies.uoregon.edu/vol-4-finance-administration-infrastructure/ch-4-business-affairs/university-fiscal-policy>

Treasury Management Policy, <https://policies.uoregon.edu/vol-4-finance-administration-infrastructure/ch-3-treasury-investments/treasury-management-0>, and related procedures, <https://pages.uoregon.edu/baofoms/web/treasury/pdf/treasurymanagementprocedures-11-2020.pdf>

Business Affairs cash handling procedures, <https://ba.uoregon.edu/content/cash-handling-and-departmental-deposits>

Business Affairs' department fiscal procedures, <https://pages.uoregon.edu/baofoms/web/pdf/uo-departmental-fiscal-procedures.pdf>

### STATEMENT OF NEED

*What does this concept accomplish and why is it necessary?*

This outdated, inherited policy was an Internal Management Directive (IMD) to all OUS institutions that included guidance on several topics: accounting policies; budget policies; investment management (repealed in 2014); licensing, patents, educational and professional materials development, and copyright; education-related business activities; reserves for repair or replacement of depreciable assets belonging to auxiliaries; and fiscal management for auxiliaries.

All but the licensing, patents, and copyright section are covered with greater accuracy and applicability elsewhere as noted in the section above. We recommend (1) repealing all but the licensing, patents, ccc section, (2) renaming the policy to reflect the remaining contents, and (3) making modest modifications to the remaining contents to reflect current practice and titles (e.g., we've removed references to the OUS board). The impacts of these changes are very minimal given that the sections being repealed are outdated.

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### **AFFECTED PARTIES**

*Who is impacted by this change, and how?*

Depending on the section in question, entities who are subject to the content of this policy include all departments, auxiliaries, and those engaged in research activities that are worthy of licensing, patents, copyright, etc. As noted above, most of these parties can find more current and accurate information elsewhere, with the exception of those subject to the licensing, patent and copyright section, which we recommend retaining as a standalone policy. Thus, the actual effects of these changes are minimal.

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### **CONSULTED STAKEHOLDERS**

<b>Name</b>	<b>Office</b>	<b>Date</b>
Kate Petcosky, Chuck Williams	Research and Innovation	March 2021
Kelly Wolf, Jeff Schumacher	Business Affairs	March/April 2021
Stuart Laing	Budget and Resource Planning	March/April 2021
Craig Ashford	General Counsel	March/April 2021

### Reason for Policy

This policy outlines matters pertaining to finance and business affairs at the University.

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### Entities Affected by this Policy

The Office of the Vice President for Finance and Administration and any individuals affiliated with the UO who interact with finance and business affairs.

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### Web Site Address for this Policy

<http://policies.uoregon.edu/finance-and-business-affairs>

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### Responsible Office

For questions about this policy, please contact Innovation Partnership Services at [techtran@uoregon.edu](mailto:techtran@uoregon.edu) ~~the Office of the Vice President for Finance and Administration at (541) 346-3003 or~~ vpfa@uoregon.edu.

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### Enactment & Revision History

[will be updated upon enactment of changes]

01 July 2014 - Became a University of Oregon policy by operation of law.

Former OUS Internal Management Directive Section 6.

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### Policy

~~SECTION 6 – FINANCE AND BUSINESS AFFAIRS~~

~~Accounting Policies~~

~~6.001 Assignment of Responsibility~~

~~Subject to review and modification by the Chancellor or the Board, the Vice Chancellor for Finance and Administration shall be responsible for:~~

~~(1) Developing detailed regulations applicable to creation and maintenance of accounting policies, records, and reports.~~

~~(2) Providing central fiscal and accounting services, including payroll accounting, property accounting, and disbursement of state, federal, and all other funds under Board control.~~

~~(3) Auditing and reviewing institutional and other unit accounting procedures and records to assure conformity with statutes, Administrative Rules, Board policies, and accepted accounting principles and procedures.~~

~~(4) Preparing accounting and other financial reports, including a comprehensive, annual report of Department assets, liabilities, reserves, income, expenditures, and balances.~~

#### ~~6.002 Institutional Responsibility~~

~~The institutions and other Department administrative units shall maintain accounting records and related documentation in such form and detail as required by the Office of Administration and may maintain additional records deemed essential to effective institutional administration.~~

#### ~~6.003 System of Accounting Records and Reports~~

~~Department accounting records and reports shall be in conformity with generally accepted accounting principles for higher education institutions and hospitals and shall be designed to meet institutional requirements for information to facilitate effective management and to discharge the Department's fiduciary responsibility to the people of the state.~~

#### ~~6.004 Cash Funds (Repealed 06/18/14)~~

#### ~~6.005 Cash Receipts~~

~~Cash receipts shall be deposited promptly in accordance with requirements established by the Vice Chancellor for Finance and Administration.~~

#### ~~6.006 Working Funds~~

~~The Vice Chancellor for Finance and Administration must authorize the use of revolving funds and petty cash funds, as necessary, for Department activities. Prior approval for deposit of such funds in commercial banks must be obtained from the Vice Chancellor for Finance and Administration.~~

#### ~~6.008 Disbursements~~

~~The Vice Chancellor for Finance and Administration shall establish procedures to assure that Department funds are paid out only for lawful purposes and in accordance with Board policies.~~

#### ~~Budget Policies~~

#### 6.050 Institutional Responsibility

~~In accordance with instructions from the Vice Chancellor for Finance and Administration or a designee, the institutions, divisions, and statewide services shall provide detailed descriptions of their biennial plans and programs and the resources required for them.~~

#### 6.051 Special Requirements

~~(1) All auxiliary enterprise and service activities shall be budgeted separately from Education and General activities and shall receive no subsidy from state funds, except as otherwise permitted by Board Administrative Rule or established by Board's Office fiscal directives. However, joint use of auxiliary facilities for instruction and related activities may be accounted for by means of proportionately funded support from Education and General Services resources.~~

~~(2) Alumni associations may be subsidized only to the extent of providing office space and funds to maintain alumni records necessary for Department requirements.~~

#### 6.052 Budget Development Process

~~The Chancellor shall review the biennial budget requests developed by the institutions, divisions, and statewide services, conferring with other Department personnel as necessary, before submitting recommendations for Board consideration.~~

#### 6.053 Annual Operating Budget—Board Approval

~~(1) No funds appropriated or limited in their expenditure by the Legislature may be authorized for disbursement by an institution, division, or statewide service, unless approved by the Board as a part of the annual budget plan, except as delegated to the institution or public service executives or the Chancellor.~~

~~(2) Transfers between funds or institutions not anticipated in the budget require Board approval unless otherwise delegated to the Chancellor for approval.~~

#### 6.054 Annual Operating Budget Planning

~~(1) Consistent with legislative appropriations and Executive Department allotments, the Vice Chancellor for Finance and Administration shall develop plans for the annual operating budget pursuant to Board policy and the Chancellor's instructions.~~

~~(2) Institutions, divisions, and statewide services shall provide such assistance in developing the annual operating budget as the Executive Vice Chancellor deems necessary.~~

#### 6.056 Annual Budget Adjustments

~~(1) Each president, division head, or statewide service executive is personally responsible for maintaining expenditures within limits established by the annual operating budget approved by the Board.~~

~~(2) Presidents, division heads, and statewide service executives may make transfers within budget accounts.~~

~~(3) Presidents, division heads, and statewide service executives may make transfers between budget accounts provided that such transfers do not exceed the total budget authorization of the institutions and divisions and provided that they conform to budget limitations.~~

~~(4) The Chancellor is authorized to:~~

~~(a) Determine the distribution of unallocated Board funds reserved for designated purposes.~~

~~(b) Reallocate budgeted allocations among institutions when required to accommodate changes in accounting processes, implement revised fiscal policies, make corrections, or other such adjustments which contain no policy or program decisions requiring Board consideration.~~

~~(c) Allocate adjustments in the appropriations and expenditure limitations approved by legislative authority.~~

~~(d) Approve reductions in budget plans when resources are projected to be inadequate to support authorized expenditure levels.~~

~~6.057 Balances in Budget Accounts (Repealed on 12/10/14)~~

~~6.058 Equipment Replacement Account (Repealed on 12/10/14)~~

~~6.060 Education and General Facilities Maintenance and Repair—Guidelines~~

~~Beginning with fiscal year 1987-88, and for each year thereafter if the Legislature provides the funds, each institution shall budget in its annual operating budget, in a separate 050 account entitled Facilities Maintenance and Repair, an amount no less than three quarters of 1 percent of its Education and General Building replacement value as reported for Restoration Fund purposes. The funds so budgeted cannot be transferred from this account or expended for any purpose other than facilities maintenance and repair without prior approval by the Board. Unobligated budget balances remaining at the close of a fiscal year may be carried forward for facilities maintenance purposes to the next fiscal year; however, any balance carried forward cannot be considered as a part of the three quarters of 1 percent maintenance and repair requirement for that fiscal year.~~

~~Investment Management~~

~~6.105 Assignment of Responsibility (Repealed 06/18/14)~~

~~6.110 Voting Stock Ownership (Repealed 06/18/14)~~

~~6.115 Custody of Board Securities (Repealed 06/18/14)~~

~~6.125 Delegation of Investment Authority (Repealed 06/18/14)~~

~~6.130 Reports on Investments (Repealed 06/18/14)~~

~~6.140 Endowment Fund Investments (Repealed 06/18/14)~~

~~6.141 Accounting (Repealed 06/18/14)~~

~~Licensing, Patent, Educational, and Professional Materials Development, and Copyright Policies and Procedures~~

#### ~~6.205~~ A. **Application of Policies and Procedures**

The policies for licensing, patents, educational and professional materials development, and registration of copyrights apply to all University of Oregon~~Department of Higher Education~~ employees whose work-related assignments, regardless of location, might enable them to develop new knowledge which was conceived purposely or fortuitously. The policies also apply to other persons using institutional facilities, personnel, or other resources.

#### ~~6.210~~ B. **Definitions**

(1) Inventions or technological improvements to which these policies apply include any new and useful process, machine, device, manufacture, or composition of matter, and any new and useful improvements.

(2) Educational and professional materials to which these policies and procedures apply are those used or distributed primarily for the formal or informal instruction or education of professional or general students. Such materials may result from the instructional, research, or public service activities of employees.

(3) Materials to which these policies and procedures apply are exemplified by:

(a) Writings, lectures, study guides, books, textbooks, journal articles, glossaries, laboratory manuals, proposals, musical or dramatic compositions, listings, tables, charts, graphs, figures, manuals, codes, software, unpublished scripts, and programmed instructional materials.

(b) Video and audio recordings, live video and audio broadcasts, cassettes, tapes, films, filmstrips, slides, transparencies, and other reproductions and visual aids.

(c) Computer programs and computer-assisted courseware.

- (4) Inventor(s) means the individual(s) who first conceived the idea, invention, or technological improvement.
- (5) Author(s) means the individual(s) responsible for primary subject-matter guidance and development of educational and professional materials.
- (6) Material is said to be in the public domain if it is not protected by common law or statutory copyright and, therefore, is available for copying without infringement.
- (7) Publication occurs when by consent of the copyright owner, the original or tangible copies or phonorecords of a work are sold, leased, loaned, given away, or otherwise made available to the general public, or when an authorized offer is made to dispose of the work in any such manner, even if a sale or other disposition does not in fact occur.
- (8) The term "owner" refers to the party who owns or controls the copyright and who has the right to sell, assign, distribute, or license the use of such material.
- (9) ~~Board and i~~ Institution-assisted effort is individual effort that involves institution ~~and Board~~ support in the form of significant personnel time, facilities, or other resources.
- (10) Sponsored effort is institution-assigned effort, and assignment, among others, to conduct research and to develop materials, with substantial or all of the personnel time, facilities, or other resources for the assignment being provided by the institution ~~and Board~~, or an outside sponsor such as a federal agency or private corporation.

### 6.215-C. Rights to Inventions, Technological Improvements, Educational, and Professional Materials

- (1) The ~~Board~~ University of Oregon reserves the ownership rights to all institutional work-related inventions, and to educational and professional materials developed with institutional resources, including the right to a free and irrevocable license for usage, and if desired, the licensing for use by others. The foregoing does not preclude an institution employee from granting copyright privileges to the publisher of a scholarly or professional journal when no compensation or royalty is involved.
- (2) Educational and professional materials shall be considered as having been developed in the course of employment in those cases when the individual was employed for the specific purpose of preparing or producing the material, or was specifically directed to develop the material as part of general employment duties and responsibilities.
- (3) Lecture notes and other materials prepared by academic staff in connection with a teaching assignment and with only incidental use of institutional facilities, funds, staff, and other



resources normally shall be viewed as flowing from individual effort and initiative and shall not be construed as having been produced in the course of discharging the obligations of employment.

(4) Funds and facilities provided by governmental, commercial, industrial, or other public or private organizations, but administered and controlled by the institution ~~and Board~~, shall be considered to be funds and facilities provided by or through the institution ~~and Board~~.

(5) If it is determined that inventions or materials developed are not related to work or to an assigned project and that development involved no or minimal use of institutional funds or facilities, or that the material developed is incidental to the individual's work assignment, or that the institution ~~and Board~~ has no right, vested interest, or claim in an invention, and the institution decides to forego the licensing or patenting of an invention or the publishing and copyrighting of the material, the applicable president/Dean or designee may recommend to Office of the Vice President for Research and Innovation (OVPRI) ~~Chancellor for Finance and Administration or a designee~~ that the institution's Board's interest and rights be waived, and that a statement be issued which waives any institution ~~or Board~~ claim. Such a waiver may be granted only if pre-existing commitments to sponsoring agencies have been cleared. Upon receipt of such waiver, the inventor or author shall be free to take such further steps as desired. In the case of an invention, or technological improvements, interventions, and assessments, however, the institution has usually provided substantial laboratory, information technology, supply and equipment support. Therefore, the OVPRI ~~president or designee~~ will normally recommend the execution of a limited release only after the institution has exhausted efforts to license or patent the invention or work. This release enables the inventor to exploit the invention or work and recover reasonable exploitation, licensing, and statutory intellectual property acquisition ~~patenting~~ costs related thereto and a sum up to \$10,000 out of the royalty income receipts, with the inventor or author and the ~~Board~~ institution sharing equally in the balance of the net royalty income.

(6) Except as provided above, the ownership rights to all forms of educational and professional material in the form of books, musical or dramatic composition, architectural designs, paintings, sculptures, or other works of comparable type developed by institution ~~and Board~~ employees, either in conjunction with or aside from their employment, shall accrue to the author, unless the material is prepared in compliance with contractual provisions or as a specific work assignment, or significant institutional ~~and Board~~ resources were utilized. An academic staff person's general obligation to produce scholarly works does not constitute such a specific institution ~~or Board~~ assignment.

**6.220-D. Research and Development of Inventions and Materials with Outside Organizations**

(1) In accepting grant and research funds from governmental, nonprofit and commercial agencies, the institution and researcher shall agree to the conditions in the agreement with the sponsoring agency pertaining to licensing, patent policies, and ownership of all copyrightable material conceived and developed in the course of work required by the agreement. Such agreements shall normally include provisions enabling the institution to publish the findings of research and rights to take title to patentable inventions, discoveries, and educational and professional materials arising from the work performed. In the absence of such agreement or terms, the products shall be the property of the institution and Board.

(2) At the time any sponsored assignment is made and when inventions, new technology, or materials subject to copyright may be expected to be produced, affected institutional staff are to be advised of copyright limitations and rights to inventions imposed by extramural sponsors as well as institutional ~~and Board~~ policies and procedures regarding the same.

(3) In cases where it appears in the interest of the ~~Board~~, institution, inventor, and sponsor, and upon the recommendation of the applicable Dean or designee~~president or designated administrator~~, the Vice President for Research and Innovation (VPRI) Chancellor for Finance and Administration or designee may grant rights to the sponsor, including the right to acquire a proprietary interest in and to any invention or patent or work developed during the sponsored research project.

(4) When an invention or copyrighted work is developed in the course of sponsored research, the sponsor may be granted a non-exclusive license for its own use and, only if appropriate, an option to acquire a limited term, royalty-bearing, exclusive license to such invention or copyrighted work.

#### 6.225-E. Disclosure of Inventions and Copyrightable Materials

(1) Employees and any other persons who conceive or develop inventions or technological improvements while engaged in activities utilizing institutional resources shall report the findings on an OVPRI Department of Higher Education standard disclosure form to, and confer with, the person designed by the VPRI~~institutional committee, or person designated by the president~~ to administer licensing, patent, educational and professional materials development and copyright policies and procedures. The purpose of the disclosure of an invention or materials developed is to enable the institution to determine potential for licensing, patenting, publishing, and registering of copyright, and the equities of the inventor, author, and institution, ~~and Board~~. Disclosure of details of an invention that might jeopardize the licensing or patent potential may be delayed until the OVPRI committee or president designee has acted.

(2) If it is determined that the ~~Board and~~ institution have has a vested interest and claim in an invention or copyrighted work, the inventor or author shall enter into the OVPRI's a standard

~~Department of Higher Education~~ Licensing and Patent-IP Assignment Agreement. The agreement shall be prepared initially at the institution.

#### 6.230-F. Agreement ~~t~~To Assign Rights

(1) As part of the acceptance of the Notice of Appointment, each ~~academic~~-employee is obligated to comply with conditions of employment including agreement to assign rights to inventions conceived and materials developed while employed by the institution.

~~(2) In cases where a Notice of Appointment is not used, and the employee's work involves potential for discovery or invention, the employee shall execute a standard Department of Higher Education Agreement to Assign Invention, Licensing, and Patent Rights prepared at the institution.~~

#### 6.235-G. Administration of Policies and Procedures

(1) ~~The Board delegates to the Vice Chancellor for Finance and Administration or designee authority to work with each president or designated administrator.~~ The VPRI or designee has authority to obtain licensing, production, and publishing agreements and patents, develop and approve forms used in administering licensing and patent policies, and execute all types of agreements, waivers, releases, and net royalty distribution agreements.

(2) ~~Each~~ The institution ~~and the Board~~ reserves s the sole right to make agreements with sponsoring agencies and to include therein provisions regarding ownership and disposition of rights in inventions and materials deemed to be in the interest of the institution, ~~Board,~~ and public.

(3) The ~~OVPRI~~ president is responsible for informing employees regarding ~~Board~~ institution licensing, patent, educational, and professional materials development, and copyright policies and procedures. The ~~president~~ VPRI may delegate this responsibility ~~to a committee or an administrator.~~

(4) The duties of the ~~president, committee or a~~ designated administrator shall be:

(a) To protect confidentiality of the inventor's or author's disclosure as needed to acquire statutory intellectual property rights.

(b) To counsel with the inventor or author, examine the invention or materials disclosure, and appraise the equities of all concerned parties. If it is determined that the institution ~~and Board~~ have has no rights, vested interest, or claim, the ~~committee or~~ administrator shall recommend that the ~~president~~ VPRI approve seek a release or waiver for the inventor or author.

(c) To counsel with the inventor or author concerning ~~Board-institution~~ policies and procedures applicable to the invention or material, and with policies of sponsoring agencies, if any, and to assist with compliance.

(d) To recommend to the ~~president~~ VPRI options for maximizing public, ~~Board~~, institution, and inventor or author benefits when seeking licenses, patents, and publishing agreements. Such action shall be preceded by the execution by an inventor or author of a Licensing and ~~Patent~~ IP Assignment Agreement initiated at the institution.

(e) To recommend to the ~~president~~ VPRI appropriate action pertaining to the invention or material within 60 days after its disclosure.

(5) When institutional facilities are utilized on a reimbursable basis to develop educational or professional materials or to conduct research on an invention, an agreement shall be prepared and recommended by the ~~president or designee to the Vice Chancellor for Finance and Administration or designee~~ VPRI. Such agreement shall be executed in advance of use of the facilities and shall set forth the understanding regarding the use of facilities, ownership rights, and financial arrangements.

#### 6.240-H. Determination of Equities

In determining equities relating to ownership rights in an invention or material, institutional personnel and the ~~VPRI Vice Chancellor for Finance and Administration~~ or designee shall follow these guidelines:

(1) Consideration shall be given to the equity of all parties in light of circumstances surrounding the development of the new knowledge.

(2) If an invention or material is deemed to be the result of joint efforts, an agreement shall be reached among the inventors or authors, and institution, ~~and Board~~ for distribution of any royalties. The total of net royalty income paid to all inventors or authors shall not exceed the maximum percentage of net royalty income that ~~Board-institution~~ policy allows to be distributed to a single inventor or author.

(3) In the event an agreement cannot be reached regarding the amount of equity of each party and subsequent distribution of net royalty income, the ~~president~~ VPRI shall recommend resolution to the ~~Provost Vice Chancellor for Finance and Administration~~ after having taken affirmative steps to assure thorough consideration of the equities of all parties.

#### 6.245-I. Commercialization of Inventions

(1) The ~~Board~~ University of Oregon encourages the ~~VPRI president~~ to assist the invention commercialization process to the extent that the invention contributes toward fulfillment of

the institution's mission. Resource allocation for licensing, patenting, and technology transfer, however, is the responsibility of the ~~president~~ VPRI.

(2) The VPRI president, or ~~designee, or appointed committee~~ shall counsel with inventors to determine how to make the invention available to industry and the public in an effective and non-discriminatory manner, to obtain reasonable royalties for use in furthering institutional education and research objectives, and to reward the inventor through participation in net royalty income received.

(3) When feasible, the ~~president or designated administrator shall recommend that the Vice Chancellor for Finance and Administration~~ VPRI shall grant non-exclusive, royalty-bearing licenses to all qualified organizations. Exclusive licenses may be recommended if it is determined that such a license is required in the best interest of the public, ~~Board~~, institution, and inventor in order to encourage marketing and eventual public use of the invention.

(4) Before granting an exclusive license, a bona fide effort shall be made by the institution to apprise qualified organizations known to be interested in the subject matter of the invention and in developing the invention through a non-exclusive license.

(5) When it is deemed appropriate to grant an exclusive license, the length of exclusivity shall be limited to that time deemed necessary to provide the licensee with the necessary incentive and opportunity to market the product and recover developmental costs, ~~usually not more than five years from the date of first commercialization of the invention, or the issuance of a patent, whichever comes first, and a non-exclusive license for the life of the patent.~~ Exclusive licenses may include the right of the licensee to sublicense others. ~~The Vice Chancellor for Finance and Administration and the Chancellor may approve exceptions to the length of exclusivity, when justified and recommended by the institution.~~

(6) Licensing and sponsored research agreements shall include provisions:

(a) Prohibiting the use of the name of the researcher and, institution, ~~and Board~~, either directly or implied, in any advertising relating to the commercialization of the product or process or in supporting evidence provided in prospectus literature, without prior written approval of the institution and the use of any statements which imply approval of the licensee's or sponsoring agency's marketing techniques, business objectives, or relationships with wholesalers, retailers, or consumers. ~~Exceptions to this policy require Board approval.~~

(b) In general, except in cases where contracting with other governmental authorities or barred under applicable law, ~~indemnifying~~ the institution against any and all claims, demands, damages, costs, and other related items arising from the manufacture, use, or sale of the licensed invention or process, and, whenever possible, from any liability for damages resulting

from a final judicial determination that such commercial utilization of the invention constitutes an infringement of any third party patent.

(c) Allowing the institution to produce and use the invention or process for its own educational or research purposes.

(d) Allowing the institution and inventor to publish the findings of research and to continue with research related to the process or invention including publication of future findings.

(e) For receiving or examining accounting records maintained by the licensee and any sub-licensees.

(f) For removing licensing rights and terminating the agreement should the licensee fail to develop and market the product within a reasonable time.

#### 6.250-J **Distribution of Royalties**

(1) The ~~Vice Chancellor for Finance and Administration or designee, upon the recommendation of the president~~OVPRI, shall act on behalf of the ~~Board~~institution to conclude agreements to share net royalty income accruing to the ~~Board~~institution from licensing and patent agreements, and from the sale, lease, or licensing of materials outside the institution.

(2) Agreements involving the sharing of net royalty income shall be initiated in writing at the institution and recommended by the ~~OVPRI president or designee to the Vice Chancellor for Finance and Administration or designee for review and approval~~. In determining disposition of income, due consideration shall be given to the equity of all parties in the light of all circumstances surrounding the development of the invention or material.

(3) Prior to distribution of any royalty income, the ~~Vice Chancellor for Finance and Administration or designee~~OVPRI shall require deduction from gross royalty income, of all institutional expenses and reasonable costs incurred in developing the invention or material, expenses incurred in enforcing or defending any patent, copyright litigation, licensing, interference, and marketing costs attributable to the invention or material, as well as any other expenses deemed necessary to recoup. Gross royalty income minus all such costs and expenses constitutes net royalty income.

(4) The maximum net royalty income that may be distributed to the inventor shall be 40 percent of the first \$50,000 of net royalty income received by the ~~Board~~institution, 35 percent of the next \$50,000, and 30 percent of all additional net royalty income.

(5) The maximum net royalty income that may be distributed to the author shall be 50 percent of the net royalty income received by the ~~Board~~institution.

PROPOSED REVISIONS

~~.(6) Net royalty income received by the Board, less the amount distributed, if any, shall be dedicated to the institution of the inventor, or author, subject to the limitation of ORS 351.250. The use made of such net income shall be at the discretion of the president, subject to Board-established budget policy.~~

(~~7~~6) If the originator and developer of an invention or author of material cannot be determined, or if the inventor or author waives any claim to net royalty income, the percent share of royalties intended for such person may be distributed, upon recommendation of the ~~president or designee~~OVPRI, to the originating department, laboratory, or center at the institution.

**6.255-K. Copyright Registration Procedures**

In establishing copyright registration procedures, institutional personnel and the ~~Vice Chancellor for Finance and Administration or designee~~OVPRI shall follow these guidelines:

(1) All educational and professional materials developed with significant ~~Board and~~ institution-assisted effort shall be registered for copyright, at the option of the institution ~~and Board~~, in the name of the institution ~~and Board~~. The institution ~~and Board~~ shall provide for disclosure of appropriate credits and shall counsel with participating employees regarding presentation of materials.

(2) Educational and professional materials developed with minimal ~~Board or~~ institution-assisted effort should be registered for copyright, if at all, in the name of the author. The cost of institutional support for such effort will be agreed upon by the author and the ~~OVPRI~~president or his designated representative will agree upon the cost of institutional support for such effort, and the author will reimburse the institution for such costs out of royalties received from the registered materials.

(3) Materials developed under sponsored assignments should be registered for copyright, if at all, in the name of the institution ~~and the Board~~, with appropriate acknowledgment to the author. The institution and author are obligated to adhere to any publication rights included in agreements made with grant or contract sponsors.

(4) Educational and professional materials developed solely by individual effort shall be registered for copyright, if at all, in the name of the author. All rights, including those to royalties, reside with the author.

~~Financing Reserves for Repair or Replacement of Depreciable Assets of Auxiliary Enterprise and Other Self-Liquidating Activities~~



~~6.350 Building/IOTB Repair and Equipment Replacement Reserves for Auxiliary Enterprises and Other Self-Liquidating Activities~~

~~(1) Auxiliary enterprises and other self-liquidating activities shall maintain building/IOTB repair and equipment replacement reserves for the purpose of funding the cost of repairs or replacement of depreciable assets. Such reserves should be sufficient to promote the efficient and effective operation of the related operating unit, avoid significant fluctuations in fees charged for services, and minimize the potential for unanticipated financial shortfalls that may impact the other funds of the institution.~~

~~(2) Each auxiliary enterprise and other self-liquidating activity shall determine the appropriate level of repair reserves for buildings and improvements other than buildings (IOTBs) and equipment replacement reserves based on a capital asset management plan (Plan) that is prepared/updated at least annually and approved by the institution's vice president for finance and administration or designee. The Plan required under this provision will be based on a minimum five-year planning horizon and will assess the repair or replacement needs of each asset or asset class and include an analysis of the annual funding necessary to accumulate the funds required to execute the plan. When preparing/updating the Plan, consideration should be given to the availability of interest earnings on reserves of auxiliary enterprises in order to maximize the benefits of setting aside reserve funds. The Plan required under this section must be retained for audit purposes.~~

~~(3) Each auxiliary enterprise and self-liquidating activity with capital assets of \$150,000 (recorded cost) or more will prepare and retain the capital asset management plan (Plan) referred to in section (2) above. Should the Plan indicate the need for building/IOTB repair and/or equipment replacement reserves, a fund should be established for those purposes (if not already established) and funded accordingly. Institution-specific policies will determine whether activities with less than \$150,000 (recorded cost) of capital assets will prepare a Plan and establish and fund any reserves.~~

~~(4) Generally, building/IOTB repair and equipment replacement reserves may not be used for any other purpose than to repair or replace capital assets used in the operation of the related auxiliary enterprise or other self-liquidating activity. Consideration should be given to statutory requirements (see section (6) below), applicable federal cost requirements, and the source of funding before authorizing the use of building/IOTB repair and equipment replacement reserves for any other purpose. Authorization for such other use may only be granted by the institution's vice president for finance and administration or designee and must be documented and retained for audit purposes.~~

~~(5) Pursuant to ORS 351.615, only building repair and equipment replacement reserves of auxiliary enterprises may be credited to the Higher Education Auxiliary Enterprise Building~~



~~Repair and Equipment Replacement Fund (Fund). Reserves for the repair or replacement of other depreciable assets (IOTBs) of auxiliary enterprises may not be credited to the Fund. Monies deposited in the Fund may not be used for any other purpose than for the repair and alteration of auxiliary enterprise buildings and the replacement of auxiliary enterprise equipment. No repair/replacement reserves of service departments or any other self-liquidating activities may be credited to the Fund.~~

~~(6) Except as otherwise provided, exceptions to the requirements of sections (1) through (5) may be granted by the Vice Chancellor for Finance and Administration or designee.~~

#### ~~Fiscal Management of Auxiliary Enterprises and Other Self-Liquidating Activities~~

##### ~~6.500 Policy for Education-Related Business Activities~~

~~The primary mission of the institutions within the Oregon University System is the creation and dissemination of knowledge. To carry out this mission, institutions do engage in education-related business activities, i.e., activities which enhance, promote, or support instruction, research, public service, or other education-related activities where goods or services being sold or rented are directly and substantially related to an educational or research program.~~

~~The Board affirms that all institution education-related business activities shall meet the following conditions:~~

~~A. The activity is deemed to be an integral part of, and directly and substantially related to, the fulfillment of an institution's instructional, research, public service, or other education-related mission.~~

~~B. The activity is operated for the primary benefit of the students, staff, and faculty associated with and served by the institution or its affiliated units. The activity is needed to provide goods or services at a reasonable price, on reasonable terms, and at a convenient time and location. Sales or rental of services and products to on-campus visitors and campus conference participants are considered incidental to the purpose of these activities.~~

~~Some typical products, services, and facilities provided at or in close proximity to an institution to meet the needs of its constituents are instruction-related materials; housing and food services; student health services; and athletic, cultural, and recreational activities; including the facilities where such products and services are provided.~~

~~In furtherance of education-related business activities, institutions shall provide for the following:~~

~~(1) When determining whether any particular education-related business activity should be provided by an institution, institutional presidents or their designees shall consider whether the~~

~~activity is currently and adequately provided by private businesses. If the services of private businesses are considered adequate but the activity is nevertheless deemed important to be provided by the institution, the institution president or designee shall state in writing its justifications for providing the activity. A copy of the statement shall be submitted for review to the Vice Chancellor for Finance and Administration or designee.~~

~~(2) To ensure recovery of direct costs of engaging in the education-related business activities, institutions shall charge students, faculty, staff, campus conference participants, and the public to participate in institutional events, for the purchase of the goods or services, and for the rental of any facilities. An institution president may waive charges for selected education-related business activities.~~

~~(3) An institution may make its services and facilities available to nonprofit or community organizations without recovering all direct costs, provided there is sufficient inventory or capacity. An institution may also make its services and facilities available to for-profit community businesses and organizations provided there is sufficient capacity and availability. Charges to profit-making organizations shall cover the direct and indirect costs of the use of the facilities and services provided. Services, products, and facilities may similarly be provided to federal, state, and political subdivisions, subject to negotiated charges, terms, and conditions.~~

~~(4) An institution may promote and market in off-campus public media only those services and events which are of interest to the general public, such as cultural presentations, intercollegiate athletics contests, and educational programs.~~

~~(5) Following approval by the institution president to provide goods, services, and facilities referenced above, the institution shall adopt a fee schedule or, in cases where prices fluctuate, a pricing markup policy for those services, products, and facilities.~~

#### ~~6.510 Responsibilities and Authorities~~

~~(1) The Vice Chancellor for Finance and Administration, or designee, is responsible for establishing and maintaining Systemwide fiscal policies and monitoring and reporting processes; and reporting to the Board as needed regarding compliance with fiscal policies and fiscal results.~~

~~(2) Each institution president, or designee, is responsible for establishing and maintaining institution-specific fiscal policies and monitoring and reporting processes; reporting to institutional management and the Chancellor's Office as required regarding compliance with fiscal policies and fiscal results; and strategic planning and operational management.~~

#### ~~6.520 Budgeting for Auxiliary Enterprises and Other Self-Liquidating Activities~~

PROPOSED REVISIONS

~~(1) Each institution shall prepare and submit budgets for auxiliary enterprise and other self-liquidating activities (housing, student centers, intercollegiate athletics, health services, parking, bookstores, other rentals, other auxiliaries, service departments, designated operations) as a part of the annual operating budget development process.~~

~~(2) The budgets shall be prepared based on the flow of economic resources measurement focus as required for financial reporting by the Governmental Accounting Standards Board.~~

~~(3) The budgets shall conservatively anticipate income from user fees and other sources to provide for all operating expenses (including depreciation) and for the establishment and maintenance of bond sinking funds, including the repayment of any outstanding obligations, the establishment and maintenance of building/IOTB repair and equipment replacement reserves, and the elimination of prior year cash overdrafts and/or negative net asset balances, subject to policies governing service departments approved by the institution's federal cognizant agency. If income has been or appears likely to be insufficient for these purposes, the proposed budget shall identify the sources from which needed resources are required to eliminate such deficiencies~~

~~(4) If any auxiliary enterprise or other self-liquidating activity ends a fiscal year with a cash overdraft, a negative working capital position, or a negative net asset balance, the institution will submit a revised budget plan for eliminating the cash overdraft(s), the negative working capital position, and/or the negative net asset balance(s) to the Vice Chancellor for Finance and Administration or designee for approval. If the Vice Chancellor for Finance and Administration or designee determines that the cash overdraft(s), negative working capital position, and/or negative net asset balance(s) are material, the revised budget plan will be submitted to the Board for approval after consultation with institution management.~~

~~(5) Exceptions to the requirements of sections (1) through (4) may be granted by the Vice Chancellor for Finance and Administration or designee.~~

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## Related Resources

NA