

## **AGENCY SPECIAL AND SERVICE UNIT OVERHEAD ASSESSMENT POLICY**

All Agency Special activities and Service Centers shall be assessed an overhead charge on their gross revenue, unless otherwise exempted by this policy.

### **Gross Revenue**

The base to which the overhead rate will be applied is gross revenue, defined as all receipts, net of sales tax, deposited into an Agency Special or Service Center department resulting from the sale of goods and services, dues, and other revenue generating activities. Transfers and allocations are not gross revenues for purposes of this definition, with the exception of transfers of funds in excess of debt service requirements and clearing department excess funds.

### **Special Conditions/Exemptions**

The following exemptions and special conditions shall be applicable to the determination of the overhead to be assessed.

**Bonded Indebtedness** - It shall be the University's policy that gross revenues earned to support an outstanding revenue bond will be exempt from overhead for the life of the bond. This exemption shall expire upon the retirement of the bonded indebtedness.

**Clearing Departments** - Departments in the Agency Special/Service Centers category that function as intermediary deposit departments with final disposition of all cash to other departments shall be exempt from the overhead assessment. Departments exempted as a "clearing" department shall lose this exemption upon the Controller's determination that the nature of the department has changed.

**Gifts, Grants, Fellowships** - It shall be the University's policy to exempt from the overhead assessment, revenues received by a gift, grant, or fellowship award from private or federal sources. Grants and awards are exempted because funds from these sources are generally subject to the University's federally negotiated indirect cost rates.

**Student Fees** - Revenues received by Agency Special/Service Center unit from mandatory student fees shall be exempt from the overhead assessment.

**Allocation Departments** - Revenues received as a result of an administrative allocation of other Agency Special/Service Center resources shall be exempt from the overhead assessment.

### **Allocating/Budgeting Agency Special/Service Center Overhead**

Revenue generated from the overhead assessment shall be budgeted and allocated as a part of revolving fund income. Allocation of this overhead income shall be made to functions and activities as a part of the University's normal budget/allocation process.

### **Implementation Responsibility**

The Controller shall be responsible for developing procedures to implement this policy. The Controller shall be responsible for the on-going review of all Agency Special/Service Center departments to determine the continuing validity of any exemptions or special conditions.

### **Effective Date**

This policy shall be effective July 1, 1989, and remain in effect until rescinded or revised.

This policy was formulated after a report by a joint committee of Faculty and Staff Budget Counsel and Administrative Officials.

