

SAP: 21.01.01.T1 (Effective February 22, 2008)

Supplements System Policy 21.01 and System Regulations 21.01.01 and 21.01.05

Recovery of E & G Administrative Costs Associated with Management of Auxiliary Enterprises

Purpose: The purpose of this SAP is to define the process used to recover E & G administrative costs associated with the management of auxiliary enterprises.

The President of Tarleton State University authorizes the Vice President for Finance & Administration to assess management fees to Auxiliary and Service Department accounts in an amount sufficient to recover E & G administrative costs associated with the indirect management and associated business activities of University Auxiliary Enterprises and Service Department functions.

The management fee will be calculated for each department during the annual budget development process as a percentage of gross revenues. This percentage will be assessed at a range between 3 and 5 percent. Gross revenues are defined as the total actual departmental revenues for the previous completed fiscal year (September 1 through August 31). Exceptions may be granted to the percentage charged for new auxiliary facilities/operations.

A review of total dollars assessed will be completed each fiscal year, which will document that sufficient funds are being captured to substantiate sufficient recovery of E & G costs. This will be determined in a two-fold manner. First, by calculating the percentage of Auxiliary budgeted expenses less E & G expenditures paid from an account entitled *Auxiliary Enterprise Support Services* to the overall University expenditure budget. And second, taking that percentage and multiplying it by the total budgeted expenses of the administrative functions that involve oversight and/or interaction with Auxiliary departments. This comparison will be used as an indicator to show if the percentages used to calculate the management fees are sufficient to cover the identified proportional cost.

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