100.00 Introduction and Purpose

Currently, The University's General Operations budget incurs expenses related to activities that derive income from outside sales, F&A cost recoveries, and other self-supporting activities. For example, central costs for payroll processing, accounts payable services, etc., are incurred which support such activities. An administrative fee is charged to all designated funds. The fee is used to offset certain expenses incurred within the Institutional Support Program of the University's General Operations budget. To recover a portion of the costs deemed to benefit these outside activities, an administrative fee is charged to all designated funds. The fee is calculated based on 4% of the designated funds' expenditures. Certain funds are assessed the 4% fee based on actual expenditures, while others pay their share of the fee through a lump sum payment. Certain indexes have been granted exemptions, and certain account codes have also been exempted, from this fee. This policy delineates which indexes and account codes are currently exempt, and provides criteria and procedures to follow in allowing future exemptions.

200.00 Policy

Unless specifically exempted in writing by the Vice President for Administration and Finance in accordance with this policy, each expenditure in MSU-Bozeman's Designated fund group shall be charged a 4% administrative fee. A list of currently exempted indexes, funds and account codes is attached as Exhibit A.

300.00 Procedure
310.00 Method of Payment

Designated funds classified as Facility & Administrative Cost Recovery (F&A) funds (formerly known as IDC funds) pay 4% of expected expenditures through an overall calculated payment from the Vice President for Research’s F&A recovery pool. As such, each individual F&A fund is not charged a 4% administrative fee. Each year, the Vice President for Research and the Vice President for Administration & Finance review the overall calculated payment to ensure that an amount equal to 4% of F&A fund expenditures is collected.

Designated funds which are not classified as F&A recovery funds are automatically assessed a charge equal to 4% of expenditures.

310.320.00 Requests for exemption - Exemptions

Requests for an exemption to this policy must be submitted to the Vice President for Administration and Finance. Such request must be in writing and signed by the Department Head requesting the exemption. Such requests must address the following:

- 311.00 Source of funds in the affected account,
- 312.00 Use of funds in the affected account,
- 313.00 Whether the exemption is of a one-time nature (a specific purchase), at an account code level, or at a fund or index level
- 314.00 Explanation as to why the fee is not deemed appropriate

320.00 Requests will be either approved or denied by the Vice President for Administration and Finance based on criteria including, but not limited to:

- 321.00 The manner in which the exemption enhances the University's mission
- 322.00 Financial impact on the University
- 323.00 Consistency with past practices and decisions and current policy
- 324.00 Sources and uses of funds in the relevant designated account

330.00 Retroactive exemptions are not permitted. Administrative fee charges will be discontinued from the date of the exemption on a prospective basis.

400.00 Internal Control Considerations

Because certain accounts are/will be exempt, a periodic review of exempt accounts by the Controller's Business Services Office staff will be required to ensure that non-exempt expenditures are not being mis-recorded as exempt expenditures in an effort to avoid the administrative fee. If a department is found to have intentionally mis-recorded expenditures in the manner described, their ability to receive exemptions for that account may be revoked. The index will be assessed the 4% fee on the unallowable charges on a retroactive basis.
500.00 Effective date and Review

The policy is effective July 1, 2002, and shall be reviewed annually by the Vice President for Administration and Finance.

600.00 Exhibit A

Administrative Fee Exempt Accounts
Administrative Fee Exempt Indexes