UW-PLATTEVILLE FINANCIAL SERVICES

POLICY: COST RECOVERY PROGRAM ASSESSMENT
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PURPOSE:
The purpose of this policy is to document the policy for assessing cost recovery programs a percentage of their revenue for support services.

BACKGROUND:
Support services are typically funded centrally and cost recovery programs have a fiscal responsibility for the cost of support services.

UW-Platteville developed the rate so that the assessment was simple to calculate and administer. UW-Platteville currently does not charge the cost of UW-Platteville facilities to cost recovery programs. Example: rental of space within our buildings.

This policy excludes auxiliaries as UW System Administrative Policy 316, Auxiliary Enterprises Support Services Chargebacks, addresses them.

This policy also excludes the facilities and administrative cost assessments that are applied to extramural support activities.

DEFINITIONS:
Full Cost recovery program: Program that is required to cover all direct and indirect costs.

General Purpose Revenue (GPR): General purpose revenues consist of general taxes, miscellaneous receipts and revenues collected by state agencies which are paid into a specific fund, lose their identity and are then available for appropriation by the legislature.

Overhead Cost Assessment (OCA): Annual assessment on the program revenue generating departments to cover the indirect expenses associated with generating that external revenue.

Partial Cost recovery program: Program that is required to cover all direct costs.

Program Code: Expenditures are classified into activity codes as defined by the National Association of College and University Business Officers in the College and University Business Administration publication. Program codes used at UW-Platteville include Instruction (2), Research (4), Public Service (5), Academic Support (6), Student Services (0), Institutional Support (1), Physical Plant (7), Financial Aid (9), Farm Operations (F), and Auxiliary Enterprises (8).
Support services: Central executive-level activities concerned with management and long-range planning of the entire institution; financial services; administrative data processing; campus planning; human resources; logistical activities that provide procurement, storerooms, safety, and security. These are designated in the accounting system as program “1”, institutional support. The support services also include network services operated out of program “6”, academic support. Admissions, Registrar, Library Support, Facilities, Financial Aid, International Student Support Services, Graduate Studies Office, select Student Affairs offices.

Program Revenue (PR): Term used to identify those accounts that are self-sustaining. These activities generate their own revenue through tuition, fees, user charges and sales.

Policy:
It is UW-Platteville’s policy to charge select cost recovery programs a percentage of their revenue to cover the cost of the support services listed above. New revenue producing activities will be assessed the 10% overhead cost assessment. See Appendix A for listing of cost recovery programs that will be charged.

Additional charges may be assessed to cost recovery programs for special projects or purchases and services that are only used by the cost recovery program. Example: staff computer work station purchases will be directly expensed to the cost recovery program.

Procedure:
A central account will be maintained for the overhead cost assessment. A budget will be developed annually for that account valued at up to 10% of the cost recovery program’s revenue estimate. A monthly revenue transfer will occur to transfer 10% of the actual gross revenues (excluding transfers) collected. Since the central support services are covered through existing budget authority, the actual expenditures in the cost recovery program assessment account may or may not relate to the support services.