

SECTION: **POLICY STATEMENT - GENERAL AND ADMINISTRATIVE**

SUBJECT: **ADMINISTRATIVE COST RECOVERY AND SERVICE FEES**

PURPOSE: To provide basic policy and authority for the recovery of administrative costs, the allocation of such costs, and for the development of service fee methods, rates, and their application in providing administrative, accounting, procurement, data processing and related support services.

EFFECTIVE DATE: **February 24, 1989**

ADMINISTRATIVE COST RECOVERY AND SERVICE FEES

I. BACKGROUND AND PURPOSE

Cal Poly Corporation ("CPC") management has over several years evolved an internal allocation system and an administrative services fee structure to recover the cost of central support services, such as general administration, accounting, data processing, personnel, procurement, sponsored programs administration, and related functions.

Because of the size and diversity of the CPC's involvement with campus activities, and other University-related and supported activities, it is prudent for the Board of Directors to adopt a formal policy statement. Such a policy is needed to assure equity in and general uniformity to the CPC's cost recovery system, while allowing management flexibility in the application of such recovery and service fees.

II. POLICY

- A. **General**. The CPC shall as a general policy; recover the cost of providing those administrative support services that benefit organizational units, external entities, or functional program/projects.

The term administrative support services costs means those indirect labor costs, indirect material costs, and all other costs (such as supervision, supplies, rent, utilities, small tools, equipment depreciation) reasonably associated with the provision of CPC services, and not otherwise recovered as a direct charge.

It is the intent of the Board of Directors that this policy statement be interpreted consistent with California Education Code Sections 89904(b) and 89904.5, and with applicable Trustees' and campus regulations.

- B. CPC Operations. The cost of administrative support services rendered to sustaining CPC operations -- Bookstore, Food Service, Vocational Education Productions, the Agriculture Enterprise Program, Sponsored Programs, and University Graphic Systems -- shall be recovered through a budgetary allocation system. This system shall be implemented through the budgets of each operating department. The Board shall annually review and adopt a General Administrative budget which is supported by allocating administrative support services costs to these departments.
- C. University Activity. The cost of administrative support services rendered to University activities, such as: conferences and workshops; agency services to university-affiliated groups; trust, endowment, and gift-related accounts; university-requested services program; and similar activities, shall be recovered through an administrative service fee system.
- D. Externally-Sponsored Activity. Administrative support services costs rendered by the Sponsored Programs Office to externally sponsored program/projects shall be recovered from the indirect-cost earnings derived from such program/projects.

III. **IMPLEMENTATION**

The Executive Director shall publish and periodically update operating guidelines to document the implementation of this policy statement. Such guidelines shall include:

1. The rationale and methodology used to develop the General Administrative budgetary cost allocation system;
2. The basis, rates, applications, and exceptions for the administrative services fee schedule; and
3. The process and method used to allocate indirect-cost earnings for the Sponsored Programs Office Budget and Reserves.

The operating guidelines shall be consistent with applicable and generally accepted cost principles and accounting practices.