



UT System Administration Policy Library – Policy UTS101

Guidelines For Allocation of Utility Costs to Auxiliary Enterprises

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POLICY STATEMENT

UT System Institutions shall develop a method for allocating utility costs to auxiliary enterprises

RATIONALE

The General Appropriations Act specifically prohibits the use of educational and general funds appropriated to any institution to be expended to support auxiliary enterprises, unless specifically authorized in the Act. (General Appropriations Act, Higher Education Special Provisions, Sec. 6 (8b), 80th Leg. R. S.)

Auxiliary enterprises should be charged for allowable costs associated with facilities, goods and services provided by the institution from educational and general funds. The purpose of this policy is to require institutions to establish a methodology for allocating utility costs to Auxiliary Enterprises.

SCOPE

All institutions and UT System Administration

WEBSITE ADDRESS FOR THIS POLICY

<http://www.utsystem.edu/policy/policies/uts101.html>

RELATED POLICIES, REQUIREMENTS OR STANDARDS

UT System Administration Policies & Standards	Other Policies & Standards
	General Appropriations Act
	Chapter 17, Subchapter A, Texas Higher Education Coordinating Board Rules (http://www.thecb.state.tx.us/Rules/TAC.cfm)

CONTACTS

If you have any questions about UT System Administration Policy UTS 101, *Guidelines for Allocation of Utility Costs to Auxiliary Enterprises*, contact the following offices:

Subject	Office Name	Telephone Number	Email/URL
	Office of the Controller	512-499-4527	ControllersOffice@utsystem.edu http://www.utsystem.edu/cont/

DEFINITIONS

Auxiliary Enterprises – a program, activity or fund source used to furnish facilities, goods, or services to students, patients, faculty, staff, or, incidentally, to the general public. An auxiliary enterprise typically charges a fee directly related to, although not necessarily equal to, the cost of the facilities, goods or services. The distinguishing characteristic of an auxiliary enterprise is that it is managed on an essentially self-supporting basis. Examples are student housing, food services, college stores, parking and student health services. Hospitals, although they may serve students, faculty, or staff, are classified separately because of their financial significance.

Auxiliary Enterprise Buildings or Space - income-generating structures and space such as dormitories, cafeterias, student union buildings, stadiums, athletic facilities, housing or boarding facilities used by a fraternity, sorority, or private club, and alumni centers used solely for those purposes. Auxiliary space is not supported by State appropriations.

Education and General (E&G) - space used for teaching, research, or the preservation of knowledge, including the proportional share used for those activities in any building or facility used jointly with auxiliary enterprise, or space that is permanently unassigned. E&G space is supported by state appropriations.

Utilities - may include electricity, natural gas, water, chilled water, steam, and wastewater.

Cost Allocation Plan – documentation relating to the process for using a set of allocation methods to the benefiting objective.

RESPONSIBILITIES

UT System Institution

- Develop and document an equitable cost allocation plan for utility costs incurred by other funds applicable to Auxiliary Enterprises.

PROCEDURES

The development of cost allocation plan and costing standards is an evolving process and requires continual monitoring of the methodology used. The allocation methodology determined for each fiscal year will remain in effect for that entire fiscal year. The allocation methodology should be properly documented in a cost allocation plan.

The cost allocation plan shall be reviewed on an annual basis and approved by the Chief Financial Officer, to ensure that all utility costs incurred by other funds applicable to Auxiliary Enterprises are recovered by those funds.

The allocations shall be made on the basis of the most accurate and reliable information; using the most reasonable basis relative to the activity; and based on documented principles and procedures. Metered information, when available, is the most accurate and consequently, the preferred basis for making allocations. In the absence of individual meters, usable square footage is the normal method of allocation. Alternative methods may be used. Each institution must evaluate its own circumstance and develop an appropriate methodology.

Dormant structures not being utilized or readied for a specific activity and which are consuming minimal quantities of utilities while in a mothballed state should be included in space computations at a similarly minimal percentage of their actual usable square footage. Because of an institution's obligation to care for its facilities, these should be classified as E&G facilities at such time as their auxiliary activity usage has ceased.

FORMS AND TOOLS/ONLINE PROCESSES

None

APPENDIX

None

Keywords: utilities, billing, auxiliary expense, auxiliary expenses, auxiliary enterprises, accounts receivable
