

January 14, 2011

MEMORANDUM

TO: Deans, Directors and Department Heads

FROM: Warwick A. Arden, Provost and Executive Vice Chancellor
Charles D. Leffler, Vice Chancellor for Finance and Business

SUBJECT: Administrative Service Charge Rate Increase

The appropriated budget underwrites most if not all of the central support services for university operations. The Administrative Service Charge is assessed to auxiliary and trust units with projects in the range of 35XXXX – 399999. The purpose of the charge is to reimburse budget code 16030, Academic Affairs, for general administrative costs incurred by the university to support central operations such as payroll, accounting, budget, personnel, purchasing, public safety, etc.

The current approved rate is 2% of the prior year's expenditures on eligible projects in the aforementioned range. Expenses identified as purchases for resale (account 52700) and cash transfers (account 58XXX) are excluded from the total prior to calculating the assessment. In addition, the Administrative Service Charge and Tort assessments from the previous year are excluded from the calculation.

As indicated in our Budget Planning Memorandum #2 dated January 12, 2011, the Administrative Service Charge assessed in **FY 2011-12 will be increased to 4%**. And, as noted in that memorandum, "It is expected that units will offset this charge by decreasing operating costs and not passing the cost to other university units or students by fee/rate increases." Funds generated by this increase will be used to partially offset the campus' total projected budget reduction for FY 2011-12 and will not benefit any specific campus organization. The budget impact and anticipated reductions should be included in your annual budget submission for 2011-12 that will be due in March.

There is an appreciation of the impact that this fee increase will have on trust-funded operations. However, the magnitude of the anticipated reductions to the university's budget do not allow for any operating units to be exempted.

If you have any questions concerning these rates, you may contact Barbara Moses in the University Budget Office at 513-1263.