FIN-049 Revenue Generating Activities

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Policy Type University

Contact Office Financial Planning & Analysis

Oversight Executive
Vice President and Chief Financial Officer

Applies To Academic Division, the Medical Center, and the College at Wise.

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Reason for Policy

This policy sets forth the requirements for establishing and managing University revenue generating activities and the rates that can be assessed: 1) to students as a condition of their enrollment; 2) by internal service providers; and 3) as nuisance charges to prevent abuse of services. This policy is necessary so that the assessed rates reflect actual costs and are consistently applied.

Definition of Terms

General Funds

Description

General tax revenues that are appropriated by the Virginia General Assembly for the use of the institution.

Responsible Officer

Description

The position or role in each division that is responsible for oversight and administration of this policy. The Vice President for Finance/Chief Financial Officer (or designee) for the Academic Division, the Chief Financial Officer for the Medical Center, and the Vice Chancellor for Finance Administration/Chief Operating Officer for the College at Wise are the responsible officers.

Revenue Generating Activities (RGAs)

Description

All operations that produce income or recover costs on a recurring basis by providing goods or services to the University community or, in some cases, to the general public.

Policy Statement

Revenue Generating Activities (RGAs) must conform to all University policies and procedures. All sales of services or products by RGAs must have a direct relationship to the goals and missions of the University. RGAs must provide a necessary service not readily available from external UVA entities, and provide a convenience to departments, faculty, staff, students, and patients. An RGA may not duplicate services already provided at the University.

This policy does not apply to instructional programs currently approved by the Executive Vice President and Provost or sponsored program activities currently reviewed by the Office of Sponsored Programs.

The department chair or activity head is responsible for the sound management of each RGA in their area. This responsibility includes the establishment and maintenance of adequate internal controls. If a cashiering activity is incidental to an RGA, the department chair or activity head is also responsible for adherence to policies governing cashiering activities.

If the revenues generated by an activity could potentially constitute *'unrelated business income,'* the department chair or activity head is responsible for submitting the activity for review to Financial Operations & Tax which has jurisdiction over the Academic Division, the Medical Center, and the College at Wise. If the activity is determined to generate unrelated business income, the department chair or activity head must provide annual financial reports on the activity for tax reporting purposes.

RGA's cannot be conducted for the purpose of carrying on a trade or business, i.e., it is frequent and continual, or it is conducted in competition with taxable organizations. The only exception is if the RGA is carried on for the convenience of faculty, staff, students, patients, or visitors.

1. **Approval of Charges to be Assessed:**
   The University has identified three categories of charges requiring reviews and/or approvals.
   a. **Charges Assessed to Students:**
      The first category includes charges assessed to all students as a condition of their enrollment at the University. This group of charges includes tuition and student fees, as well as those for auxiliary services (e.g., housing, dining, and athletics). The amounts charged are determined as part of the University's revenue plan and take into consideration costs incurred by the charging unit as well as directives from the General Assembly regarding non-General Fund revenues. These charges are reviewed by Financial Planning & Analysis for the Academic Division and by the Vice Chancellor for Finance Administration/Chief Operating Officer for the College at Wise. Rates are approved by the Board of Visitors.
      i. **Student Activity Fee Refund:**
         A student who objects to particular speech activities supported by the Student Activity Fee may seek a partial refund of their Student Activity Fee payment for the relevant academic year. If granted, the partial refund will be in the form of a credit to the student's University account, as maintained by Student Financial Services. The request for a partial refund must be made in person by the student objecting to the particular speech activities. The student must

present a valid student identification card to Business Services staff in the Office of the Vice President & Chief Student Affairs Officer and complete the request form maintained by that office. (For more information, contact Student Affairs.)

b. **Charges by Internal Service Providers (ISPs):**
The second category includes all charges by internal service providers (or recharge centers). The rates for charges assessed by the internal service provider (e.g., Facilities Management, computer centers, research support centers, etc.) to other University accounts must be developed to recover actual costs consistent with the provisions of federal Uniform Guidance, 2 CFR Part 200 – Appendix III. Charges for services provided by the Medical Center must be reviewed and approved by the Director of Finance/Controller of the Medical Center. ISP rates are reviewed and approved by Financial Planning & Analysis for the Academic Division. The Vice Chancellor for Finance Administration/Chief Operating Officer performs these functions for the College at Wise.

c. **Nuisance Charges:**
The third category includes nuisance charges. These charges are assessed against users to discourage abuse of the service. Examples include key deposits, room use reservation charges, cancellation fees, etc. They are not intended to recover costs and need not be cost-based. Nuisance charges are proposed by the service provider and reviewed for reasonableness and approved by Financial Planning & Analysis. Nuisance charges at the Medical Center and College at Wise are approved by the respective responsible officer.

2. **Authority to Establish and Approve Rates for a Revenue Generating Activity:**
The director of each revenue generating activity is responsible for the initial calculation of all cost-based rates to be implemented for that activity.

   All rates charged for a revenue generating activity must be reviewed and approved by the appropriate authority:

   - The Executive Vice President and Chief Operating Officer is responsible for the review and approval of all rates. This responsibility has been delegated to:
     - Medical Center - Director of Finance/Controller.
     - College at Wise – Vice Chancellor for Finance Administration/Chief Operating Officer.
     - Auxiliary Enterprises – Financial Planning & Analysis.
     - Internal Service Providers – Financial Planning & Analysis.
   - The Board of Visitors must approve all rates for tuition and fees that are a condition of enrollment, or primary services of the University or the Medical Center.

   Within the Academic Division, requests to establish an internal service provider RGA, new or expanded services, must be approved by the department chair or activity head, and the appropriate dean or vice president, and submitted to Financial Planning & Analysis.

3. **Method & Responsibility for the Management of a Revenue Generating Activity:**
Cost-based rates will be developed for each product or service. Special rates, such as rates for one individual, may not be used. The Federal government cannot be charged a higher rate than other customers under the Uniform Guidance, 2 CFR Part 200 – Appendix III.

   An internal service provider is required to maintain sufficient funds to cover expenses and must bill clients at least monthly. It is the responsibility of the department chair or activity head to verify that the ISP is

meeting these requirements. Rates should be set at a level which will recover all allowable costs. The department chair or activity head is responsible for funding any under-recovery from other funds.

Biennial rate reviews will be conducted in conjunction with the ISP manager and the responsible officer or their designee with regard to maintaining breakeven status. Annual reviews will be conducted by the ISP manager.

Rates can be changed at any time during the year provided a revised rate calculation is submitted to and approved by the responsible officer or their designee before it is used.

Operating statistics must be kept on all services charged out. Internal service providers will monitor and record the volume of activity for each service on a regular and timely basis.

4. **Compliance with Policy:**
   The University's exposure from noncompliance with federal Uniform Guidance, 2 CFR Part 200 - Appendix III, could involve reimbursement/fines to the government as well as adverse publicity which could harm future award applications.

   Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination.

   Direct questions about this policy to Financial Planning & Analysis.

Procedures

Submit an approved request* to establish an internal service provider revenue generating activity, new or expanded services, to Financial Planning & Analysis through askfinance@virginia.edu. (*Approved by the department chair or activity head and the appropriate dean or vice president.)

Related Information

FIN-005: Extension and Collection of Credit
FIN-016: Receiving and Depositing Cash & Other Monetary Instruments
FIN-021: Internal Controls
Uniform Guidance: 2 CFR 200 Appendix III

Major Category Finance and Business Operations

Next Scheduled Review Monday, November 5, 2029

Revision History

Confirmed 11/5/26; Updated 7/27/23; Added Section 1.a.i 12/17/20.

Supercedes Policy Text

XV.D.2 Refund of Student Activity Fees; V.A.1, Revenue Generating Activities; V.A.2, Rate Determination.

Approved By Policy Review Committee

Approved Date Tuesday, August 1, 2017