AUXILIARY ADMINISTRATIVE CHARGE ALLOCATION

General Information:
An administrative fee is charged to all Auxiliary Fund cost centers. The fee is a fixed percentage of total monthly expenditures in the cost center.

The purpose of the fee is to satisfy a requirement of the Texas Appropriations Act which prohibits the expenditure of appropriated funds for the support of auxiliary enterprises. The auxiliary administrative charge is used as an equitable means to reimburse the general fund (state appropriated) operations of the university for services provided to auxiliary enterprises. Such services include but are not limited to: accounting services, payroll services, human resources, development, legal support, auditing services, and general administrative support.

The percentage charged for Administrative Charge is evaluated and set each year by the Budget Office.

Prerequisite:
All journals having an impact on auxiliary funds for the month must be posted before this allocation is run at month-end. It is one of the final processes to be run before monthly closing.

Specifics:
At the end of each month, any auxiliary cost center that has expenditure activity (see exemptions below) will also have an administrative charge. The expense total is multiplied by the percentage set by the Budget Office. A separate rate may be set for athletics and non-athletic cost centers. Admin charge is posted to account 54805.

Rates for Auxiliary Administrative Charges are as follows:

<table>
<thead>
<tr>
<th>FY23</th>
<th>FY22</th>
<th>FY21</th>
<th>FY20</th>
<th>FY19</th>
<th>FY18</th>
<th>FY17</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auxiliary (Non-Athletic)</td>
<td>6.0%</td>
<td>6.0%</td>
<td>6.0%</td>
<td>6.0%</td>
<td>6.0%</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Athletics</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.0%</td>
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<tr>
<td>Houston Public Media</td>
<td>1.25%</td>
<td>1.25%</td>
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</tbody>
</table>

Generally, the Admin Charge expense will be a debit. However, it is important to know that expenditure credits are included in the calculation as well. For example, if the monthly expenditure total is a credit, then the Admin Charge will also be a credit.

Manual corrections of Admin Charge are generally not necessary as it is self-adjusting at month-end.

Exemptions to Administrative Charge:
The following expense types are not included in the initial monthly calculation of Administrative Charges:

- Cost of Goods Sold 50010
- Utility Allocation 52600
- Administrative Charge 54805
- Scholarships/Aid/Waivers 55300–55999
- Indirect Cost/Certain Contract & Grant 56500–57999
- USAS (Incl. USAS Pass-Thru) 59000–59999

The following specific programs and expenses will incur Admin Charge in the initial allocation but will be refunded in a subsequent step of the process: (Admin Charge-Rebate)

- Annual Leave-Aux (I0437) Any expense account Def
- Comp Plan-Athl Coach (I0823) Any expense account
- ARAMARK In-Kind Donations (I3501) Any expense account
- Residential Life Expenditures (I0636) Acct 52214 Food Services, Non-promotional Hotel
- Food Services (I0344) Acct 55104–55107 Hotel Contract Expenses
- Athletics Summer Camps Excluded from calculation

Journals:
This process will generate journals: ADM000000X (Journal Source = ALO; Journal ID Mask = ADM)

The journal line description will indicate the type of charge and if related to athletics, the description will read “Admin Charge-Aux Athletics”; if non-athletics, it will read “Admin Charge-Aux”.

Administrative Charge Allocation FY2023  LMLuckett – Updated 10/19/2022