

MSU Administrative Fee Principles

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Many MSU departments engage in auxiliary and other activities, such as non-credit instruction, which generate revenues unrelated to student tuition, research grants, gifts, or investment income. Most of these departmental activities receive centralized MSU administrative services such as Human Resources, Payroll, Accounting, Information Technology (including KFS and SAP) Support, Purchasing, Voucher Processing, etc., without directly paying for these services. Building rent and utility costs are not allocated to these activities in many situations.

In recognition of the administrative services provided and to encourage departments to develop recharge rates that include both direct and indirect costs, MSU charges an Administrative Fee on **externally generated revenue** (net of refunds) received by departments. Details follow:

- 2.0% Administrative Fee Rate (effective through June 30, 2019).
- The Administrative Fee is typically charged to Auxiliary Fund and Designated Fund accounts that receive revenues from sources external to MSU, and is assessed on revenues net of related refunds.
- The following revenues are exempt from the administrative fee:
 - A. Student tuition and fee revenues credited to General Fund accounts (non-credit instruction revenues will be assessed the fee).
 - B. Contract and Grant awards.
 - C. State appropriations, including MSU AgBioResearch, and MSU Extension appropriations.
 - D. Patent and royalty income.
 - E. Gifts and scholarships.
 - F. MSU endowment income, investment income, and research reserve income.
 - G. MSU employee and student parking revenues and fines.
 - H. MSU interdepartmental charges.
 - I. Contractual agreements stipulating net revenue residuals.



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Methodology

The administrative fee is expensed monthly to applicable accounts/sub-accounts based on the previous month's associated revenue activity (e.g. the administrative fee for July will be charged in August). The administrative fee is charged via a Service Provider Billing e-doc (SPB) to object code 6470 (Administrative Fee). This doc type allows Fiscal Officers a 5-day period to review the charge, change certain chartfield attributes or distributions, and approve the entry. After the 5-day period the entry will auto-approve if still pending. A monthly report showing the transactions eligible for the Administrative Fee and the fee calculation is available on the Controller's Office website at <http://ctrl.msu.edu/COFA/AdminFeeDetailReports.aspx>.

Administrative Fee Calculation

- 1) **Revenue** – Certain accounts in the Designated Fund (DF Fund Group Code) and Auxiliary Fund (XF Fund Group Code) which receive revenue from sources external to MSU.
 - a) Revenue (other than types described in A through I above) from the following e-docs are eligible for the fee: Advance Deposits, Cash Receipts, and Credit Card Receipts.
 - b) External revenue recorded using the Internal Billing, Service Billing, and Service Provider Billing e-docs are eligible for the fee. This includes eligible revenue derived from the monthly Student Information System (SIS) entry.
- 2) **Refunds** – Refunds recorded on Object Code 6173 (Refunds) offset revenue calculated above.
- 3) The difference between the total revenue captured in #1 and the refunds in #2 is assessed the fee.
- 4) The fee will be recorded at the sub-account, project code level.

Please contact Keith Hayes in Financial Analysis at 517-884-4199 or hayeskei@ctrl.msu.edu with questions regarding the administrative fee.