

UCR Policies and Procedures

Policy Title: Administrative Cost Recovery, Special Service Agreements, and Land Rent

Policy Number: 300-02

Responsible Officer:	Associate Vice Chancellor-Resource Planning and Budget
Responsible Office:	Resource Planning and Budget
Origination Date:	11/30/1996
Date of Revision:	11/30/2012
Scope:	Application of Administrative Cost Recovery (ACR), Land Rent, and Special Service Agreements (SSA)

I. Policy Summary

This policy is intended to clarify the application of Administrative Cost Recovery (ACR) and Land Rent, as well as to clarify the use and applicability of a Special Service Agreement (SSA). Specifically addressed are the costs that ACR is intended to recover, which administrative services costs are recovered by ACR, which units may be charged, and the process whereby a SSA may be utilized to purchase additional central administrative services.

II. Definitions

- A. Administrative Cost Recovery (ACR):** University of California, Riverside (UCR) mechanism for recovering the cost of administrative and support services provided at the institutional level; specifically, central administrative services
- B. Direct Costs:** costs that can be specifically identified with a specific good or service
- C. Indirect Costs:** costs that cannot be specifically or readily identified to a particular good or service, but represent costs incurred to support the provision of that good or service
- D. Land Rent:** UCR mechanism for recovering the cost of land used by campus units generating external revenues
- E. Special Service Agreement (SSA):** type of agreement whereby a central administrative support unit agrees to provide additional and specifically identifiable goods or services to a unit for a fee

III. Policy Text

A. Guiding Principles

Whenever goods or services are sold to external entities or individuals, the price charged must recover the full cost of providing that good or service, including both direct and indirect costs (See [Business and Finance Bulletins A-56](#), page 3 and [A-59](#), page 2). Indirect cost rates must include an amount to recover administrative and support services provided within the unit itself as well as those provided at the

institutional level (See [Business and Finance Bulletins A-56](#), page 3 and [A-59](#), page 2).

B. Scope

1. Administrative Cost Recovery

Administrative Cost Recovery (ACR) is the UCR mechanism for recovering the cost of administrative and support services provided at the institutional level; specifically, central administrative services. ACR is a charge for services such as Accounting, Purchasing, and Payroll. ACR is only assessed against that portion of a unit budget derived from external income. Other funds, such as General/Core funds, Contract and Grants funds, Gifts funds, or resources from the Office of the Chancellor are not assessed. It should be noted that a number of these revenue streams are charged for the cost of central administrative services through other mechanisms, such as Indirect Cost Recovery for Contract and Grants funds. ACR becomes a discretionary resource that may be utilized to provide support to central administrative services. All campus units are required to obtain services from central campus administrative units. The Chancellor and/or Executive Vice Chancellor and Provost (EVC&P) may grant an exception if it is determined that it is in the best interests of the campus to allow a unit to seek services elsewhere.

2. Land Rent

Land Rent is a UCR mechanism for assessing each campus unit generating external income that is physically located on real property controlled by UCR, effective July 1, 2011. If self-supporting and auxiliary enterprises lease space in a building, have purchased the land, or if the land is tied to a third party lease, no Land Rent applies. The charge is based on the square footage of the land boundary of each campus unit. Land rent becomes a discretionary resource.

3. Special Services Agreement

A Special Service Agreement (SSA) is a type of agreement whereby a central administrative support unit agrees to provide additional and specifically identifiable goods or services to a unit for a fee. An SSA always requires the central administrative support unit to acquire additional resources. An SSA charge may be based on a unit price or a negotiated amount. Regardless of the methodology chosen, the SSA must recover the full cost (both direct and indirect) of providing that good or service. An SSA is not to be utilized in place of ACR, since ACR represents an institutional cost recovery. An SSA is a fee for a documented specific good or service.

C. Unit Costs Recovered by ACR

Costs in the following central administrative services are currently recovered by ACR charges. The associated units are predominantly supported by the General Fund and provide services to all campus units. This list is reviewed on an annual basis by Resource Planning and Budget (RP&B) and modified accordingly.

1. Accounting/Payroll
2. Campus Sustainability
3. Capital & Physical Planning
4. Capital Management System (currently residing in Physical Plant)
5. Environmental Health and Safety
6. Equipment Management
7. Human Resources/Labor Relations
8. Risk Management/Insurance
9. Internal Audit
10. Police/Community Service Officers
11. Purchasing

12. Receiving/Shipping
13. Real Estate Services
14. Resource Planning and Budget
15. Student Business Services/Cashier's Office

D. Units Authorized to be Charged ACR and/or Land Rent

To be charged ACR and/or Land Rent, a campus unit must generate annual external income and/or income from individuals in the amount of \$50,000 or more. The following units either currently generate or have the capacity to generate income in this amount. This list is reviewed annually by RP&B and modified accordingly. It should be noted that cash deposits into these accounts are the equivalent of income for the purpose of this policy.

1. Agency Accounts
2. Agricultural Operations
3. Associated Students of UCR (ASUCR)
4. California Education Research Cooperative
5. Campus Store
6. Career Center
7. Child Development Center
8. Cultural Events
9. Dining Services
10. Equipment Management
11. Executive Programs
12. Faculty Housing
13. Highlander Union Building (HUB)/Commons
14. Housing Services
15. Intercollegiate Athletics
16. Library
17. Medical/Health Sciences Compensation Plans
18. New Student Orientation
19. Parking Operations
20. Professional School Fee Programs
21. Plant Services
22. Recreation Center/Programs
23. Registration Fee Programs
24. Self-Supporting Degree Programs
 - a. In addition to the ACR charge, Self-Supporting Degree Programs are subject to additional assessments including the UCOP Funding Assessment and central academic services such as the Registrar, University Library, Graduate Division, Dean of Students, Enrollment Management, and Undergraduate Recruitment and Admissions on an annual basis.
 - b. The central academic services are charged through the Central Academic Services Recovery (CASR) assessment which is further explained in the Self-Supporting Degree Program Policy (UCR Policy 300-xx).
25. Student Business Services (SBS)
26. Student Health Services
27. Summer Sessions
28. Telecommunications
29. Transcript of Records (Registrar)
30. Transportation Services
31. UCR California Museum of Photography

- 32. UCR Card Operations
- 33. University Club
- 34. University Extension

IV. Responsibilities

- A. The [Office of Resource Planning and Budget](#) (RP&B) is charged with the responsibility of interpreting this policy, for assisting the affected units in implementation of ACR, Land Rent, and each SSA and for making formal policy recommendations to the Chancellor and/or EVC&P for approval.
- B. Land boundaries are determined and converted into square footage by the [Office of Capital Resource Management](#) (CRM).

All questions and correspondence pertaining to this policy are to be directed to RP&B.

V. Procedures

A. *Methodology Review and Approval Process*

1. ACR and Land Rent Methodology Review
Calculation methodologies for ACR or Land Rent and any subsequent modifications requested by a campus unit must be presented to RP&B for review through the appropriate Vice Chancellor or Dean. Upon completion of its review process, RP&B will forward its recommendation along with the necessary supporting documentation to the Chancellor and/or EVC&P for review and action. RP&B will inform the appropriate Vice Chancellor or Dean of the decision of the Chancellor and/or EVC&P, as well as notify the applicable affected units.
2. SSA Methodology Review
On an annual basis, all service units wanting to implement an SSA must present, through the appropriate Vice Chancellor or Dean, the proposed agreements by service and by customer to the RP&B for review. Upon completion of its review process, RP&B will forward its recommendation along with the necessary supporting documentation to the Chancellor and/or EVC&P for action. Note that RP&B, as part of its review process, will closely examine the relationship between ACR and SSA charges.
3. Approval Process
The appropriate Vice Chancellor or dean will be informed by RP&B of the decisions rendered by the Chancellor and/or EVC&P. At that time, the service unit must notify its customers of the outcome of the review and approval process.

B. *Timeline in the ACR/SSA/Land Rent Calculation Methodology Review Process*

1. July - September
The campus unit enters into a consultation process with RP&B to revise the methodology and its projected customer impact.
2. September - October
The submittal is reviewed and a recommendation is forwarded by RP&B, along with the necessary supporting documentation to the Chancellor and/or EVC&P for review and action.
3. November - December
The affected campus units are notified by RP&B of the decision rendered by the Chancellor and/or EVC&P.

C. *Timeline in the Annual ACR Calculation and Approval Process*

1. December - January
On an annual basis, RP&B will calculate the ACR assessment for each campus unit

and forward the information to the Chancellor and/or EVC&P for review and approval.

2. February

Each campus unit is notified by RP&B of its ACR assessment amount effective the first of July

3. March - June

Each campus unit prepares the necessary budgetary entries for processing and notifies its customers.

D. Timeline in the Annual SSA Review and Approval Process

1. July - March

Each campus unit enters into a consultation process with RP&B to secure input on policies, materials, and guidelines to help facilitate the development and implementation of a proposed SSA.

2. April

Each campus unit prepares its proposed SSA for the upcoming fiscal year on a service-by-service and a customer-by-customer basis, forwarding the information to RP&B for review.

3. May

The submittal is reviewed and forwarded with its recommendations by RP&B, along with the necessary supporting documentation, to the Chancellor and/or EVC&P for review and approval. The campus unit is notified by RP&B of the decision rendered by the Chancellor and/or EVC&P.

4. May - June

Each campus unit notifies its customers of the outcome of the review and approval process and prepares the necessary budgetary entries for processing

E. Timeline in the Annual Land Rent Calculation and Approval Process

1. December - January

The proposed Land Rent charges for the upcoming fiscal year are calculated by RP&B on a customer-by-customer basis based on land boundary data provided from CRM.

2. February

RP&B notifies each unit of its Land Rent assessment amount effective the first of July

3. March - June

Each campus unit notifies its customers of the outcome of the review and approval process and prepares the necessary budgetary entries for processing

VI. Contacts

Subject	Contact	Phone	Email
ACR & Land Rent	Stephanie Flores	(951) 827-7715	stephanie.flores@ucr.edu
SSA	Jerry Garcia	(951) 827-5615	jerry.garcia@ucr.edu

VIII. Related Information

- [Business and Finance Bulletin A-47, University Direct Costing Procedures](#)
- [Business and Finance Bulletin A-56, Academic Support Unit Costing and Billing Guidelines](#)
- [Business and Finance Bulletin A-59, Costing and Working Capital for Auxiliary and](#)

[Service Enterprises](#)

- [UCR Policies and Procedures 300-66: Sales and Service Activities-Establishment and Budgetary Review](#)
- UCR Policies and Procedures 300-xx, Self-Supporting Degree Programs (Look for Update to Link)

IX. Frequently Asked Questions

To Be Determined

X. Revision History

- *Revised: 02/01/2009 – General ACR Policy Updates and Timeline Modifications*
- *Revised: 03/15/2011 – Addition of Land Rent*
- *Revised: 11/28/2011 – Addition of UCOP Funding Assessment Clarifications*
- *Revised: 02/15/2012 – Modify into New Policy Template*