

GUIDELINE: Funding agreement for buildings with mixed ownership (Auxiliaries and E&G)

PURPOSE: To pre-establish building utilities and joint service level funding agreements for buildings with mixed ownership based on the percent revenue of budget allocation.

DEFINITIONS:

1. Auxiliaries (Auxiliary Space): Area of a university campus that is not supported through State of Texas appropriations.
 2. Education & General (E&G) Space: Net assignable area used for academic instruction, research, and support of the institution's mission. It does not include Auxiliary enterprise space or space which is permanently unassigned. E&G space is supported primarily from State appropriated funds.
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BACKGROUND:

Utility and service expenses for buildings have been funded based on the building usage/function. If the building is used for academic instruction, research, and support of the institution's mission then it is designated E&G and is primarily supported by State appropriated funds. On the contrary if the building is not supported by State appropriations and is used as Auxiliary enterprise space, then all utility and service expenses are funded by Auxiliary budgets.

The funding responsibility for utilities and services has been unclear for buildings with mixed use and mixed ownership. Historically these funding responsibilities were split based on the building assignable square footage allocated to E&G and Auxiliary use. The difference between building gross square footage and assignable square footage which included common areas like hallways, corridors, etc. were funded by State funds.

GUIDELINES/PROCEDURE:

This guideline establishes that for mixed use and mixed ownership buildings, instead of splitting the utility and service expenses based on percentage of assigned square footage, the funding responsibility will be divided based on the building budget and allocation percentage of revenue. If there is certain portion of the building (for example associated garage or dedicated support space, etc.) which can be completely separated and identified as Auxiliaries and is either separately metered or its utility usage can be easily separated out, this space should not be included in the funding agreement split.

The Offices of Provost and Associate Vice President/Associate Vice Chancellor (AVP/AVC) of Finance will determine the auxiliary revenue percentage of budget allocation at the beginning of each fiscal year based on the actual budget composition.

Facilities Management, Office of Finance, and applicable Auxiliary Department Head, Department Chair or Dean will be jointly responsible for annual review of this guideline and its implementation.

Authority and Administration

This guideline is approved by the Provost and AVP/AVC - Finance. Executive Director of Facilities Management will administer this guideline.