

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:

	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16
Auxiliary (Non-Athletic)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Athletics	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	6.0%
Houston Public Media	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%

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:

Description	Accounts
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)

Program Description	Accounts
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".