

Operational Area:	Business and Finance
Responsible Executive:	Chief Financial Officer
Responsible Office:	Budget Office
Effective:	July 1, 2019

Other Revenue Generating Activities and Programs

Business and Finance

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I. Introduction

- A. **Authority:** C.R.S. § 23-54-102, *et seq.* (2019) authorizes the Trustees of Metropolitan State University of Denver (MSU Denver) to establish rules and regulations to govern and operate the University and its programs. The Trustees retain authority to approve, interpret, and administer policies pertaining to University governance. The Trustees authorize the President of MSU Denver to approve, administer, and interpret policies pertaining to University operations.
- B. **Purpose:** There are multiple types of revenue sources, self-supporting, or revenue-generating programs at MSU Denver:
 - 1. **Tuition and student fees**, which, along with state support, provide essential resources for the University's main educational mission;
 - 2. **Restricted grants and gifts** that are received from various sources external to the University;
 - 3. **Facilities and Administration (a.k.a., Indirect Cost Recoveries)**, which supplement overhead costs for external grants; and



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4. **Self-supporting auxiliary activities**, such as non-fee funded Health Center activities and Extended Campus classes. These are mainly services rendered revenue.
5. **Other revenue generating activities**
 - a. Events and fundraising activities that are within the scope and nature of a department's main operational purpose, such as but not limited to, Athletics Department athletic events (gate receipts or concession revenue), Music Department performances, and Hospitality, Events and Tourism (HEaT) Academic Course Luncheons.
 - b. Other departments' opportunities for fundraising, advertising, sponsorships/naming rights, space rental, or sale of specific goods or services. These types of activities are supplementary and not necessarily part of the mission of the department.
6. The purpose of this policy is to provide guidance concerning the approval process for the other revenue generating activities identified in numbers 5a and 5b above and the subsequent use of the funds.
- C. **Scope:** This policy applies to employees and departments of Metropolitan State University of Denver.

II. Roles and Responsibilities

- A. **Responsible Executive:** Chief Financial Officer
- B. **Responsible Administrator:** Budget Director
- C. **Responsible Office:** Budget Office
- D. **Policy Contact:** Budget Director, 303-605-5314

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III. Policy Statement

In all cases, the department must obtain prior approval for the activity before engaging in other revenue-generating operations. As part of this process, the appropriate Dean, Associate Vice President, or Vice President, or designee, must approve the proposed use of the revenues.* In cases when the University or related entity has incurred debt on behalf of a department (in the form of internal loans, bond proceeds, or other debt), consideration will be given to repaying the departmental portion of the debt first, unless the Provost or appropriate Vice President has given prior approval for another use. The Provost or appropriate Vice President may determine a percentage allocation of the revenue generated to be disbursed among various offices.

- A. To be considered for approval, the department must submit a proposal to the appropriate Dean, Vice President, or their designee. The following are examples of criteria to be included in the proposal:
1. The purpose of the activity,
 2. How it benefits the university,
 3. How it ties to the University's mission,
 4. Who the 'customers' of the activity are,
 5. Demonstrate it is cost-beneficial for the department,
 6. Possible allocation of the revenue among various offices.

**Activities established prior to the approval date of this policy are not subject to the approval process mentioned in the above policy statement unless the Dean, Vice President, or their designee find it necessary.*

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- B. Cash balances for revenue-generating programs (Auxiliary Funds). All revenue-generating programs must maintain a positive cash balance at all times. Their funds may not be transferred to entities outside the University but must be used to support the operations associated with the mission of the program and the University. If at some time the program ceases operations, any excess fund balance may be transferred to another program or the Institutional Fund after receiving approval from the Provost or appropriate Vice President.
- C. Fundraising opportunities within the scope of other-revenue-generating programs. For fundraising opportunities within the scope of this revenue category, in addition to obtaining the initial approval of the Dean or designee, departments must also obtain approval from the Metropolitan State University of Denver Foundation (the Foundation). The Foundation will make the final decision whether the activity must be processed through its office because it fits with the scope of their operation. This procedure excludes established special events that the University has previously supported as part of its mission, such as the Athletics Annual Silent Auction.

IV. Definitions

- A. **Other-revenue-generating activities** are opportunities proposed by a department to either enhance the students' experience or to advance the University's mission while taking advantage of a self-supporting activity.
- B. **Administrative Service Recharge (ASR)** is the charge assessed by the University by which the University recoups a portion of the expenses borne by central offices from the other revenue generating activities.
- C. **Institutional Fund** is the fund established to house the facilities rental revenues and activities that are within the other-revenue-generating activities category but



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did not follow the approval process referenced in this policy. All revenues generated by these types of activities will be deposited into this fund to be used for University purposes as determined by the Vice President of Administration, Finance and Facilities in collaboration with institutional leadership.

V. Procedures

- A. The initial proposal is submitted to the Dean or appropriate Associate Vice President for review and approval. If approved, the proposal will be forwarded to the Budget Office. The Budget Office will work with the department to determine whether a revenue fund to support the activity should be established. Once the fund is created, written notice will be sent to the department with the fund information. For fundraising activities that are within the scope of the Foundation's authority, a special fund must be established with the Foundation to track all revenues and expenses generated by the fundraising. These activities must be consistent with the department's approved mission statement.
- B. In certain circumstances, departments may wish to rent University facilities to outside organizations or individuals. Prior to doing so, they must submit a written request to MSU Denver's Facilities Planning and Space Management Office. University leadership will work to establish rental rates for the facility. Rental rates must not violate unfair competition regulations and should be consistent with current market rates. All income raised from the rental of space will be deposited into the Institutional Fund unless prior arrangement for specific purposes, including debt service payments, has been approved. There are occasions when the University may facilitate special gatherings, free of charge, as part of its community involvement and outreach, such as but not limited to providing

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meeting space for the Denver Chamber of Commerce. These cases require the same approval process.

- C. These other-revenue-generating programs will be charged the current ASR rate of 10%. This calculation is based on the amount of gross revenue earned.

VI. Remedies for Non-compliance

Failure to comply with these policies will result in one or more of the following actions:

1. All proceeds from the activity will be deposited into the Institutional Fund or Foundation fund at the direction of the Provost or appropriate Vice President.
2. When appropriate, there may be disciplinary action, which may result in a warning or cause for personal liabilities.

VII. Statutory and Regulatory Guidance

Employees and departments must comply with all applicable laws and regulations pertaining to revenue-based operations (auxiliary enterprises), fundraising, space rental, and sale of equipment, including taxation, conflict of interest, and unfair competition laws.

VIII. Policy History

- A. **Effective:** July 1, 2019
- B. **Enacted:** March 1, 2013
- C. **Review:** This policy will be reviewed every three years or as deemed necessary by University leadership.



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IX. Policy Approval

Janine Davidson, Ph.D.
President, Metropolitan State University of Denver

N/A

Chair, Board of Trustees, Metropolitan State University of Denver