

**Policy 3-150: Auxiliary Enterprises Operations**

Revision 1. Effective date: June 5, 2015.

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**I. Purpose and Scope**

A. Purpose.

To provide guidelines for operation of auxiliary enterprises and their reporting and accountability requirements.

B. Scope.

[reserved]

**II. Definitions**

The following definitions apply for the limited purposes of this policy and any associated regulations.

A. Auxiliary Enterprises are business enterprises or other support activities (as distinguished from primary programs of instruction, research, and public service), and from organized activities and intercollegiate athletics) the primary purpose of which is to provide specified services to the campus community. All housing, food service, and college store activities are to be classified and managed as auxiliary enterprises. Other activities which serve primarily individuals (as distinguished from internal department of the institution) and operate on an essentially self-supporting basis, also should be classified and managed as auxiliary enterprises.

B. Self-Supporting means that revenues received (fees for services, sales, dedicated general fees, contributions, and investment income) should cover the direct and indirect operating expenses, assignable indirect costs, debt services and capital expenditures.

C. Campus Community as used in this policy refers to prospective students, students, faculty, staff, alumni, and campus guests of the University of Utah.

### III. Policy

#### A. Support Role of Auxiliary Enterprises

Auxiliary enterprises are operated as essential elements in support of the mission of the university. They are to provide quality products and/or service at the lowest practical price.

#### B. Designated Auxiliary Enterprises

Auxiliary enterprises are participants in the Auxiliary and Campus Facilities Refunding Bonding System, consistent with Utah Board of Higher Education Policy R590.

#### C. Management

The university will employ professional management for auxiliary enterprises and provide administrative, accounting and financial oversight through the vice presidents for health sciences, student affairs and administrative services, as applicable.

#### D. Charges for Goods and Services

Selling prices, rents, fees, admissions and other charges by auxiliaries are to be set at a level adequate to support the operating and reserve requirements, including debt service, of the enterprise. Auxiliary enterprises are, however, not expected to accumulate fund balances in excess of requirements for working capital, renewals and replacements, and debt service. If fund balances constantly exceed reasonable needs, charges for goods and services should be adjusted accordingly.

#### E. Auxiliary and Campus Facilities Refunding Revenue Bonding System

All of the net revenues (as defined in the pertinent bond documents) of participating auxiliary enterprises are pledged to the bond system. In March and September of each year the university General Accounting Department will transfer the accumulated net revenues to the bond trustee, a local bank.

#### F. Ownership of Facilities

All facilities constructed with bond funds are the property of the University of Utah. A fair rent shall be charged to the auxiliary enterprise for use of any facility it occupies or manages. The rent may be adjusted by the administration as economic conditions warrant. The rental income charged to each participating auxiliary enterprise is pledged to the bond system and in March and September of each year the university General Accounting Department will transfer the accumulated net rents to the bond trustee, a local bank.

#### G. Working Capital and Other Reserves

In order to render adequate service, auxiliary enterprises should have a solid financial base, including sufficient working capital and renewal and replacement reserves.

1. Each enterprise which maintains inventories or accounts receivable should have sufficient working capital and fund balances to support those assets. If it is not practical to maintain such cash and operating fund balances because of bond system covenants, need for large inventories, etc., auxiliaries may be allowed to deficit spend for this purpose but shall be required to pay interest on resulting negative cash balances. Written approval to deficit spend will be required from the Chief Operating Officer.
2. Renewal and replacement funds shall be accumulated (in the bond system for bonded auxiliaries) in amounts sufficient to provide for major equipment repair and replacement, as well as refurbishment, renewal and replacement of physical facilities. Each auxiliary shall obtain approval from the cognizant vice president before expending renewal and replacement funds. Approval shall be based on need, cost/benefit analysis, and retention of a reserve sufficient to meet emergency renewal and replacement requirements.

#### H. Charges for University Services Provided to Auxiliary Enterprises

Auxiliary enterprises are expected to pay their appropriate share of costs for physical plant operations and other directly chargeable support costs related to their operation. In addition, auxiliary enterprises shall pay an appropriate share of other administrative support costs of the university. Such charges shall be determined each year in accordance with a formula. The formula and computation of charges shall be approved by the vice president for administrative services.

I. Account Requirements

Each auxiliary enterprise shall use accounting systems applicable to the type of enterprise operated. Appropriate information shall be available in and adapted to the university's primary accounting system.

J. Reporting Requirements

1. Quarterly, a report shall be prepared for each auxiliary enterprise in a format provided by the vice president for administrative services. The report shall be submitted to the vice president for administrative services, who shall advise the Board of Trustees of operational problems indicated by the quarterly report.
2. Annually, a report shall be prepared for each auxiliary enterprise. The report shall contain the actual financial results of the fiscal year most recently concluded and a budget for the current fiscal year. The report shall be submitted first to the Board of Trustees for its review and approval. It then, as part of the Utah Board of Higher Education's regular annual budget process, shall be submitted to the Utah Board of Higher Education. The director of finance shall coordinate the submission of the reports.
3. In connection with the annual university budget process, a report shall be prepared by each auxiliary enterprise describing its operation for the fiscal year then being concluded and evaluating how well the auxiliary serves the needs of its users. The report shall be submitted to the cognizant vice president.

K. Competition with Private Enterprise

All auxiliaries will conduct their activities consistent with Utah Board of Higher Education Policy R555 and University Policy 3-160.

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*Sections IV- VII are for user information and are not subject to the approval of the Academic Senate or the Board of Trustees. The Institutional Policy Committee, the Policy Owner, or the Policy Officer may update these sections at any time.*

**IV. Policies/ Rules, Procedures, Guidelines, Forms and other Related Resources**

- A. Policies/ Rules. [ *reserved* ]
- B. Procedures, Guidelines, and Forms. [ *reserved* ]
- C. Other Related Resources. [ *reserved* ]

**V. References**

- A. Utah Board of Higher Education Policy R550, Auxiliary Enterprises Operation and Accountability
- B. Utah Board of Higher Education Policy R555, Providing Facilities, Goods and Services in Competition with Private Enterprise
- C. Utah Board of Higher Education Policy R590, Issuance of Bonds for Colleges and Universities
- D. Policy 3-160: Competition with Private Enterprise
- E. Procedure P3-160: Unfair Competition Grievance Procedure

**VI. Contacts**

The designated contact officials for this regulation are:

- A. Policy Owner(s) (primary contact person for questions and advice): Assistant Vice President for Auxiliary Services
- B. Policy Officer(s): Chief Operating Officer

See Rule 1-001 for information about the roles and authority of policy owners and policy officers.

## **VII. History**

Revision History.

A. Current version. Revision 1.

1. Effective Date. June 5, 2015.

2. Editorial Revisions

a. Editorially revised March 1, 2026 to change reference from vice president for administrative services to chief operating officer.

b. Editorially revised March 1, 2026 to update the Board of Regents to the Utah Board of Higher Education

B. Previous versions.

1. Revision 0. Effective Date. February 1992.

C. Renumbering

1. Renumbered from Policy and Procedures Manual 4-19.