

**REGENTS' POLICY**  
**PART V – FINANCE AND BUSINESS MANAGEMENT**  
**Chapter 05.15 - Auxiliary Service Enterprises, Recharge Centers,**  
**and Self Funded Activities**

**P05.15.010. General Statement.**

- A. The board recognizes that auxiliary service enterprises, recharge centers, and self funded activities are needed and reflect the quality of services that a campus desires for the convenience and necessity of its students, faculty, staff, alumni, and campus community.
- B. An auxiliary service enterprise is an entity that exists to furnish goods or services primarily to individuals such as students, faculty or staff and charges a fee directly related to, but not necessarily equal to, the cost of the goods and services. University departments and the general public may incidentally be served by some auxiliary enterprises. However, with the exception of 1) sales to students, faculty and staff, 2) the University of Alaska Press, as outlet for printed materials from limited sources, and 3) sales at off-campus university sponsored events, auxiliary enterprises shall not solicit business from persons off campus and shall not deliver merchandise off campus. Auxiliary service enterprises include activities such as the University of Alaska Press, housing, bookstores, parking, food service, health care, including hospital or infirmary services, and child care.
- C. Recharge Centers furnish goods or services primarily to university departments and are supported by internal charges to the user. Such goods or services might be available for purchase from commercial sources, but for reasons of convenience, control, efficiency, or necessity, the university chooses to provide them through, or as part of, an institutional department. Recharge Centers include operations such as tele/video/network communications, motor pools, central copy pools, and electronic or chemistry supplies.
- D. Self-funded activities are those activities that do not meet the definition of an auxiliary enterprise or recharge center, but are self support operations. Examples may include some aspects of student recreation centers, conference activities, and international education.

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**P05.15.020. Authorization.**

- A. With the exception of housing facilities, which require board approval in accordance with regents' policy on facilities, approval to operate any university auxiliary service enterprise must be obtained from the chief finance officer.

- B. Approval to operate any recharge center or self-funded activity must be obtained from the MAU's chief financial officer. The president shall promulgate university regulation to govern the operation of auxiliary service enterprises, recharge centers, and self funded activities.

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**P05.15.030. Pricing of Goods and Services, Budget Approvals, and Interest.**

- A. Auxiliary service enterprises are operated primarily for the convenience and necessity of students and the campus community. Such auxiliary services may make books, office supplies, other items, and services conveniently available for direct or indirect sale to university employees and departments unless it is inconsistent with state procurement code, university regulation, or university procedures. University regulation shall ensure that pricing of goods and services, though not necessarily equal to such costs, is, to the extent practicable, sufficient to maintain high quality facilities or services and directly related to:
1. full direct costs,
  2. full indirect costs,
  3. periodic contributions for renovation and remodeling projects, and
  4. periodic contributions for renewal and replacement projects.
- B. All auxiliary service enterprises, recharge centers and self-funded activities shall have the full cost of its activities identified, and, unless otherwise limited by provisions of Circular A-21 regarding federal grants and contracts, university regulation, or statewide accounting procedures, those costs will be allocated and charged to the activity which incurs them. In order to 1) minimize the cost of books and other items goods or services sold by such activities, 2) maintain a competitive position with state, local, and national markets, or 3) accomplish other management objectives, the university may provide financial support for such things as space, utilities, maintenance, student service programs, financial accounting, auditing, and administrative costs for such activities from funds other than those derived from auxiliary activities. However, all such costs shall be identified in the budget and accounting processes, with other financial support clearly identified in conformance with university regulation and the statewide accounting manual. Only direct auxiliary revenues may be used to fund a renewal and replacement reserve balance.
- C. No funds other than the revenues of an auxiliary service enterprise may be obligated, transferred, or spent by that auxiliary service enterprise without the prior written approval of the MAU's chief financial officer.
- D. At least annually , interest on auxiliary interfund balances and reserves for renewal and replacement of equipment and facilities within housing and other approved auxiliaries

shall be imputed and charged or credited to the appropriate auxiliary or the appropriate component of the Auxiliary System of the University, established under P05.15.040.B, in accordance with university regulation and the statewide accounting manual.

- E. While interest may be imputed and charged against negative balances, no interest earnings shall be imputed, credited, earned, accrued, or due prior to the submittal of a budget to the chief finance officer identifying all revenues and costs set forth in this section and university regulation.

(04-15-04)

**P05.15.040. Housing System of the University; Auxiliary System of the University.**

- A. In order to reduce borrowing costs and maximize flexibility and debt capacity, all facilities previously made part of the Housing System of the University are hereby removed from the Housing System of the University.
- B. In order to accomplish internal goals, the board directs the chief finance officer to establish the Auxiliary System of the University. If any facility is used, in whole or in part, for apartment, residence, dormitory, housing, dining, boarding, hospital, infirmary, parking, bookstores, or student activities, and that use has been approved as an Auxiliary Service Enterprise by the chief finance officer, that whole or part shall thereby be automatically made a part of the Auxiliary System of the University.
- C. Each chancellor shall create, maintain and annually update a strategic plan for housing that:
  - 1. identifies all campuses or other sites which have housing or are anticipated to need housing;
  - 2. states the goals and objectives to be accomplished over time in managing and developing housing where it is currently located or where new or additional housing is anticipated to be needed;
  - 3. identifies the timing and quantity of the anticipated need;
  - 4. provides sufficient detail as to the type of housing and how it is to be acquired or otherwise established;
  - 5. sets forth a financing plan consistent with the MAU's capital plan and reasonable operating expectations; and
  - 6. summarizes progress made on the goals and objectives stated in the previous strategic plans

All strategic plans for housing shall be presented to the board for approval.

(02-17-95)

**P05.15.050. Student Services Programs within Housing Facilities.**

- A. Student service programs within housing facilities provide an environment where students can experience personal growth and development, a sense of community, and opportunities for student leadership. These program costs shall be identified in the budget.
- B. Each chancellor shall establish rules and procedures governing the operation of student services programs within housing facilities.

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**P05.15.060. Competition with the Private Sector.**

- A. Except for real estate development and management, university business activities shall be directly related to meeting the university's instructional, research, and public service missions or shall be conducted for the convenience and necessity of the university community. This policy is not intended to address the instructional offerings central to the mission of the university, but to establish general direction for non-instructional functions of the university.
- B. The university has a responsibility to carefully consider any decision to provide products and services to students, faculty, staff, public or private organizations, or the public at large, particularly when the products and services to be provided might compete with similar products or services offered by the private sector. Some degree of competition between the university and the private sector is unavoidable, even when the university is engaged in the narrowest pursuit of its instructional, research, and public service missions. Where a potentially competitive situation exists, the university should consider the concerns of affected private businesses and the community as a whole and act with sensitivity and good faith regarding those concerns.
- C. The university may enter into business activities that are necessary either to enhance, promote, or support the university's instructional, research, public service, or other educational functions, and the needs of the students, faculty, staff, and members of the public participating in institutional events.
- D. Provision of services by university departments to other university departments is not competition with the private sector. A chancellor shall consider obtaining, by contract or other means, these services from the private sector when to do so would provide equivalent or better quality service at a lower price than the full costs of providing such services internally.

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**UNIVERSITY REGULATION**  
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**R05.15.070. University Bookstores.**

- A. Bookstores are operated on campuses of the university primarily for the convenience and necessity of students and the campus community. University bookstores may make books, office supplies, other items, and services conveniently available for direct or indirect sale to university employees and departments unless it is inconsistent with state procurement code or university regulations or procedures.
- B. University bookstores shall ensure that pricing of goods and services, though not necessarily equal to costs described in this subsection, is, to the extent practicable, sufficient to maintain high quality facilities or services and directly related to:
  - 1. full direct costs;
  - 2. full indirect costs;
  - 3. periodic contributions for renovation and remodeling projects; and
  - 4. periodic contributions for renewal and replacement projects.
- C. Pricing practices will be followed with the aim of permitting bookstores to operate on a break-even basis as far as operating costs are concerned and should be operated on a full cost recovery basis to the maximum extent possible while maintaining a competitive position with state, local, and national markets. However, to minimize the cost of books and other items sold by bookstores, the university may provide such things as space, utility services, and financial accounting and auditing services for bookstores from funds under the control of the board other than funds derived from bookstore sales revenue.
- D. Each chancellor or campus director in charge of a bookstore operation is to define the objectives of the campus bookstore and develop guidelines for its operations consistent with those objectives. The objectives and guidelines for operations should include a policy on to whom sales may be made, an inventory policy covering the types of items may and may not be sold by bookstores, and a credit policy describing the types of credit, if any, may be extended by bookstores and to whom. The use of bookstore advisory committees including student and faculty representatives is encouraged, particularly on the larger campuses. The committees may be created and used as determined to be appropriate by the respective chancellors and campus directors. The guidelines, and the extent to which bookstores are operating in accordance with them, will be reviewed during internal audits.

- E. No new university bookstore operation is permitted to begin until after prior approval by the chief finance officer. Requests for approval are to be accompanied by information outlining the proposed objectives and guidelines and the projected cost of operations.

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