Scope

University auxiliary enterprise units that have funded and/or occupy the majority of any university owned or leased building that will result in IU ownership of the asset. University service centers that have funded and utilize the majority of any university owned building for recharge activity.

Policy Statement

Any auxiliary enterprise unit that has funded and/or occupies the majority of a university owned building or leased building that will result in IU ownership of the asset; as well as, any university service center that has funded and is utilizing the majority of said buildings for recharge activity is required to set aside, at least annually, an amount equal to or greater than 1.25% of the replacement value of the building(s) for expenditures that meet the definition of R&R as established by the State of Indiana. Service center accounts have an additional restriction that the amount transferred cannot exceed the annual depreciation amount of the building(s) utilized for recharge activity. Transfers in excess of 1.25% should be supported by the unit’s capital plan.

Any deviation from this policy requires the approval of the University Controller.

Reason For Policy

To ensure adequate funding is set aside on a regular basis to fund the necessary repairs and rehabilitation of university buildings.

Definitions

Auxiliary Enterprise Units: An auxiliary enterprise unit furnishes goods or services to students, faculty, staff, or the general public and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. An auxiliary enterprise unit is an entity that is regularly carried on and is managed with the intent to be self-supporting.

Repairs & Rehabilitation (R&R): Repair and Rehabilitation, as defined by the State of Indiana, is to be used for the purpose of keeping academic/administrative space in good working condition. R&R projects include, but are not limited to, foundation repair, roofing, HVAC, and plumbing.
Replacement Value: Building replacement values are obtained from IU Space Information as calculated by the Indiana Commission for Higher Education (ICHE) using the Marshall Swift index.

Service Center Units: A recharge/service center activity is an activity that furnishes goods or services to another Indiana University department for the convenience of the university and charges a fee directly related to, and not more than, the allowable cost to provide the goods or services.

Guidelines for the Use of General Repair and Rehabilitation Appropriations, Appendix B, State of Indiana, 1988

Additional Contacts

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Phone</th>
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<tbody>
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History

The requirements for auxiliary enterprise and service units to set aside funds for future R&R was implemented in fiscal year 2012 through the budget guidelines.