Summary

The University encourages the entrepreneurial activities of departments and/or faculty members. Recognizing that many of these activities carry an overhead cost to the University, it is necessary for the University to recover a portion of these costs. Therefore, a monthly assessment fee will be charged against certain designated fund revenue generated from external sources. This assessment is also referred to as a “business tax” and is currently levied at 4%. Assessable revenue is required to be coded to general ledger accounts 441001 to 441007 or 580400 in UC Flex.

Note: This policy was originally approved by Administrative and Academic Councils in July 1989 and subsequently revised in May 1993.

Assignment of Funds

Each A-200 form establishing a designated fund should identify its source(s) of revenue and whether an assessment should be charged (see criteria below). Funds are categorized based on the type of activity performed.

Assessable Revenue

External sales and service activities falling into the following categories will be charged a sales and service assessment fee.

- **Departmental Service Centers**: Per federal government regulations (OMB Circular A-81), federal customers must receive the preferred (lowest) rate on all services provided by departmental service centers. Therefore, the assessment is not applied to any invoices billed to federal government customers of departmental service centers. All other external (non-UC) service center billings are charged the standard assessment. Service centers must account for this assessment in their budgeting and rate proposals.

- **Continuing Education/Noncredit Courses**: These courses are not subsidized by the state of Ohio. Accordingly, all costs, including the assessment should be covered by the student.

- **Student by Product**: These funds accumulate income generated as a by product of the students’ education.

- **Special Recharge Unit**: Units operating not as a departmental service center or any of the defined centers within the federal government cost tracking system but who charge rates to various internal and external users. External rates should include an additional charge to cover the assessment.
• **Clinical trials**: Testing drugs, chemicals and various samples fall under this general category. Many University departments contract with local businesses to provide this service at a fee. Where the contract is substantial, it should be handled through the Sponsored Program Accounting Office. Where the contract is for a minimal amount, revenue can be posted to designated funds and should include an assessment.

• **Publications**: Sales of published materials to external customers.

• **Rental**: Rental of University facilities.

• **Stores Operations**: Sale of store items to external customers.

• **Other**: Areas of revenue generation which do not easily fit into one of the above categories but should be assessed the fee.

**Non-assessable Revenue**

Revenue recorded in the following categories will not be assessed the fee:

- Branch campuses
- Course related materials
- Courses for credit
- Laboratory Animal Medical Services (LAMS)
- UCit
- University of Cincinnati Research Institute (UCRI)
- Utilities

**Assessment Entries**

The Controller’s Office calculates the amount of assessment due each month by fund. Revenue recorded during the month is multiplied by the assessment rate percentage. The assessment entry is coded as a non-mandatory transfer from each designated fund to general funds. Please contact the Controller’s Office with any questions.