MSU Administrative Fee Principles

Last updated: January 22, 2025

Many MSU departments engage in auxiliary and other activities, such as non-credit instruction, which generate revenues unrelated to student tuition, research grants, gifts, or investment income. Most of these departmental activities receive centralized MSU administrative services such as Human Resources, Payroll, Accounting, and certain central Information Technology systems/support, etc., without directly paying for these services. Building rent and utility costs are not allocated to these activities in many situations.

In recognition of the administrative services provided and to encourage departments to develop recharge/contract rates that include both direct and indirect costs when providing services to customers outside the University, MSU charges an Administrative Fee on **externally generated revenue** (net of refunds) received by departments. Details of the Administrative Fee Principles are:

- 3.0% Administrative Fee Rate (effective through June 30, 2026).
- The Administrative Fee is typically charged to Auxiliary Fund and Designated Fund accounts that receive revenues from sources external to MSU and is assessed on revenues net of related refunds.
- The following revenues are exempt from the administrative fee:

  A. Student tuition and fee revenues credited to General Fund accounts.

  B. Contract and Grant awards.

  C. State appropriations, including MSU AgBioResearch, and MSU Extension appropriations.

  D. Patent and royalty income.

  E. Gifts and scholarships.

  F. MSU endowment income and investment income.

  G. MSU employee and student parking revenues and fines.

  H. MSU interdepartmental charges.

  I. Contractual agreements stipulating net revenue residuals.

OFFICE OF THE CONTROLLER

Office of Financial Reporting

Hannah Administration Bldg
426 Auditorium Rd Rm 360
East Lansing, MI
48824

517-355-5029
FAX: 517-353-1706
http://ctlr.msu.edu

Methodology

The administrative fee is charged monthly to applicable accounts/sub-accounts based on the previous month's associated revenue activity (e.g., the administrative fee for July will be charged in August). The administrative fee entry is posted via a Service Provider Billing e-Doc (SPB) to object code 6470 (Administrative Fee). This doc type allows Fiscal Officers a 5-day period to review the charge, change certain chart field attributes or distributions, and approve the entry. After the 5-day period the entry will auto-approve if still pending. A monthly report showing the transactions eligible for the Administrative Fee and the fee calculation is available on the Controller's Office website at Admin Fee Detail Reports | Controller | Michigan State University.

Administrative Fee Calculation

1) **Revenue** – Certain accounts in the Designated Fund (DF Fund Group Code) and Auxiliary Fund (XF Fund Group Code) which receive revenue from sources external to MSU.

    a) Revenue (other than types described in A through I above) from the following e-Doc types are eligible for the fee: Advance Deposits, Cash Receipts, and Credit Card Receipts.

    b) External revenue recorded using the Internal Billing, Service Billing, and Service Provider Billing e-Docs are eligible for the fee. This includes eligible revenue derived from the monthly Student Information System (SIS) entry.

2) **Refunds** – Refunds recorded on Object Code 6173 (Refunds) offset revenue calculated above.

3) The difference between the total revenue captured in #1 and the refunds in #2 is assessed the fee.

4) The fee will be recorded at the sub-account, project code level.

Please contact Christine Mossner in the Office of Financial Reporting at mossnerc@msu.edu with questions regarding the administrative fee.