



COST ALLOCATION and STRATEGIC INVESTMENTS

Expense/Assessments

- Direct Operating Expenses, including responsibility unit specific service and support (i.e.: dean's office, advising), will be allocated directly to each responsibility unit
- Costs for space including maintenance, custodial services, utilities purchased and debt service will be allocated based on net assignable square footage unless it is included as a direct expense to a unit
 - Shared business resource space and unassigned space will be included in the central pool but shown as separate categories of space
- General fund service unit expenses (indirect expense allocation) will be allocated to the college RUs and auxiliary units as part of the University participation assessment
 - College RUs will be assessed on revenues at a rate to cover 97.5% of general fund service unit expenses
 - Auxiliary units will be assessed on revenues at a rate that will be sufficient to cover 2.5% of general fund service unit expenses

Strategic Investments

- Year 1 strategic investments (transition year) – all units (RUs and Service units) are held harmless from impacts of SRM. This includes auxiliary units that may result in a deficit due to space cost allocations that currently are not assessed.
- Year 2 and after:
 - Provost to determine method to use to allocate strategic investments to the colleges within college pool resources.
 - The president, with input from the cabinet after the provost has consulted with the deans, will decide how to strategically determine the method to use to distribute to service units any revenue growth or revenue decline allocations to the central pool.
 - Auxiliary units that need strategic investment due to space cost allocations will need to determine a financial plan to cover those costs or submit a request for consideration of an on-going strategic investments. The president and cabinet will determine whether it is a priority of WMU to maintain the auxiliary activity and if the strategic investment is to be provided.