

**Overhead Policy (Adopted May 22, 2018)**

**Effective Date: June 1, 2018**

**Policy Statement**

The purpose of this policy is to assess an overhead rate on all revenue generating activities that are not covered through existing overhead policies in units or programs in order to support the strategic growth and management of UW Bothell Overhead charges are common costs of conducting institutional business. Revenue generating activities subjected to overhead are primarily educational offerings. Examples may include continuing education, executive education, and funds generated from sales of services or instructional materials. State appropriation, gifts and grants are not included in the revenue category and are therefore not subject to overhead charges. Failure to recognize and properly apportion overhead costs may result in hidden subsidies to programs or users.

Overhead fees are used to support campus operations and management that are not directly supported by the revenue generating activity. Examples include: Institutional financial planning, oversight and services including contract reviews, campus utilities (water, electricity, phone/internet etc.), campus real estate (long-term leases and O&M), library operations, central technology infrastructures or enterprise systems, to name a few.

Overhead charges are in conformity with UW Administrative Policy Statement 33.2.

Effective June 1, 2018, UW Bothell will assess a maximum 10% overhead rate to revenue generating programs and budgets. Fee-based programs that are operated through Continuum College are exempted from the institutional overhead charges. However, Vice Chancellors or Deans may choose to assess additional negotiated departmental tax to their units.

To incentivize the launching and development of **new programs**, a sliding scale rate may be approved. Approval for such exceptions to the 10% rate must be submitted to the relevant Vice Chancellor; if supported, proposals will be reviewed for approval by the Chancellor’s Executive Team.

| **Year 1 Overhead Rate** | **Year 2 Overhead Rate** | **Year 3 Overhead Rate** |
| --- | --- | --- |
| 5% | 7.5% | 10% |

**Existing program** overhead rates will be reviewed in relation to this policy. If this review indicates that an institutional overhead rate needs to be revised, the Institutional Planning and Budget office will inform the Vice Chancellor of the affected campus units and work with VC’s on communication and implementation of any applicable revisions. Units or programs wanting to apply for exemption will have an opportunity to do so, with a review by the Chancellor’s Executive Team (CET).