

Policy 1504**Rental Charges and Recoveries for Continuing Occupancy or Use****Date of Current Revision: January 2023****Responsible Office: Assistant Vice President, University Budget Management****1. PURPOSE**

The purpose of this policy is to (1) outline procedures for identifying rental areas, determine rental rates, assess the impact of rental charges and recoveries on fees, and establish internal rental billing and payment procedures; (2) clarify the circumstances under which the university may provide facilities support to research, public service, and non-university activities and organizations; and (3) detail acceptable arrangements relative to the payment of a rental or use charge when university-owned facilities are occupied or utilized on a continuing basis by programs that receive no general fund support. This policy addresses the role of the Office of Budget Management, building managers, occupants, and Facilities Management in ensuring that these objectives are realized.

2. AUTHORITY

The Board of Visitors has been authorized by the Commonwealth of Virginia to govern James Madison University. See Code of Virginia § 23.1-1600; § 23.1-1301. The Board has delegated the authority to manage the university to the president.

3. DEFINITIONS**Building Managers**

Individuals with budgetary responsibility for the rental areas. This responsibility includes funding maintenance and utilities costs for the facility in which the rental area is located.

Major Funding Systems

Internal programs supported by: (1) educational and general tuition, (2) comprehensive fee, (3) room fee, (4) board fee, or (5) other revenue sources such as grants and contracts.

Occupants

Internal programs located in buildings that are supported by a different major funding system; research and public service activities that are fully or partially funded by outside agencies or organizations; or private foundations and other organizations that occupy or use university facilities on a continuing basis.

4. APPLICABILITY

This policy applies to all real property that is owned, operated, or leased by the university.

5. POLICY

The university has limited facilities available to support its various programs. The university seeks to manage its facilities in a manner that encourages activities that support and enhance the mission of the university in compliance with state policy. All space that is leased, operated,

or owned by the university is subject to rent by its occupants. The rental rates and requirements are determined using the procedures of this policy.

6. PROCEDURES

6.1 Rental Rate Development and Assessment

Identifying Rental Areas - The Office of Budget Management will receive an updated room list from the Office of Space Management to identify changes from the prior year list and verify square footage of potential rental areas. The updated room list will be used to conduct a survey of building managers in the fall of each year to verify or identify other potential rental areas. The Office of Budget Management will prepare a summary detailing the location of all potential rental areas. The appropriate portions of this summary will be sent to each internal occupant for confirmation. The finalized listing will be forwarded to designated building manager for use in distributing utility costs and identifying responsibility for payment of maintenance services.

Determining Rental Rates - Rental rates are based on local commercial rates for office, retail and storage properties. The Office of Budget Management will determine the square footage rental rates in the fall of each year for inclusion in the new fiscal year's budget. Rental rates will be based on the outcome of a survey of local rental properties and Consumer Price Index trends conducted annually by the Director of Real Property and Space Management. The Office of Budget Management will adjust these commercial rates to reflect the cost of utilities and maintenance services for use in charging outside organizations. Occupants will be billed for rent and utilities by the building manager for the facility. Occupants will be responsible for initiating and paying for all requested Facilities Management services, materials, and repairs made within their rented area.

Occupants and building managers are expected to comply with university Policy [4302](#) (Facility Modification/Maintenance) in regard to working closely with the maintenance department of Facilities Management to ensure that buildings are kept in a good state of repair.

6.2 Assessing the Impact of Rental Charges and Recoveries on Fees

The Office of Budget Management will determine the impact of the rental charges, based on the identified rental area, by calculating the cost for each occupant and the recovery for each building manager. This information will be reflected as property rental (153510) expense for the internal occupants and continuous services recoveries (159900 or 159600, as appropriate) for the building managers in their budgets. Each unit manager is requested to confirm the accuracy of this information as part of the operating budget process.

a. Internal Programs

The Office of Budget Management will provide a schedule detailing the annual facility rental expense and recovery by unit on or before July 1st of each year to building managers. The occupant will be billed on an annual, quarterly, or monthly basis, as determined by the Office of Budget Management. The building manager will prepare internal occupant rental billings in accordance with section [4230](#) (Internal Transfers) of the university's financial procedures manual. The completed Agency Transfer Voucher will then be forwarded to the occupant for approval by the responsible official. The internal occupant will submit the approved Agency Transfer Voucher to Financial Reporting. To ensure that the Agency Transfer Voucher is processed in the same

month, the Agency Transfer Voucher must be submitted to Financial Reporting by the 15th of each month.

b. Sponsored Programs

This category includes research and public service activities that are fully or partially funded by outside agencies or organizations. The university may provide space or other facilities for such activities under one of the following arrangements:

Payment by the sponsoring agency of the standard university charge for the space or facility being occupied - This type of arrangement is appropriate in situations where an indirect cost recovery rate is not used, or when the indirect cost recovery is a small percentage of the grant or contract.

Documented in-kind matching arrangements - This type of arrangement is appropriate when the university is expected to contribute on an in-kind basis to the project or activity. An example would be a research grant that utilizes office or laboratory space that is assigned to a JMU faculty or staff member. In-kind payments resulting from the use of real property must be approved by the appropriate vice president and by the vice president for administration and finance.

No cost arrangements - The university may elect to provide space at no or reduced cost for a program that provides ongoing support for the university's mission.

Arrangements of this nature must be approved by the appropriate vice president and by the vice president for administration and finance.

c. Outside Organizations

This category includes private foundations and other organizations that occupy or use university facilities on a continuing basis. Typically, the employees of these organizations are not employees of the university and the organizations themselves are separately incorporated. Examples are the JMU Foundation and professional associations. In those cases where an outside organization occupies space on a continuing basis, it is normally expected that the organization will pay the standard university charge or lease cost for the space being occupied. Under certain circumstances, the university may initially waive all or a portion of the usual charge in order to attract organizations which support and enhance the mission of the university. However, any such arrangement must be approved by the appropriate vice president and by the vice president for administration and finance, and the waiver or reduction should not exceed a reasonable "start-up" period.

In those cases where a faculty or staff member is serving as an officer of a national, regional (multi-state), or state professional association, the university may provide certain facilities support, including the use of telecommunication and computing services. In addition, the university may authorize use of the campus post office if the organization holds a mailing permit. No office or other space will be provided to the organization in question without charge. However, no charge will be made for the faculty or staff member's regular office space. All such arrangements must be approved in writing by the vice president to which the faculty or staff member is assigned and the vice president for administration and finance. Facility support shall coincide with the tenure of office. No facility support may be used for the personal use or personal gain of the faculty or staff member.

7. RESPONSIBILITIES

The Office of Budget Management is responsible for: (1) identifying rental areas, (2) determining the rental rates to be charged each occupant on an annual basis, and (3) reflecting the impact of rental charges and recoveries in the operating budgets of the building managers and internal occupants.

Building managers are responsible for: (1) reporting the location of occupants residing in their facilities, (2) ensuring that their budgets reflect the appropriate level of recovery from rental areas and, (3) preparing internal occupant rental billings in accordance with section [4230](#), Internal Transfers, of the financial procedures manual issued by the Office of the AVP for Finance. Rental billings will be prepared on a monthly basis or as mutually agreed by both the building manager and occupant. These recoveries will reduce the building manager's need for funding from traditional revenue sources.

Occupants are responsible for: (1) verifying the accuracy of the rental areas assigned to their programs, (2) ensuring that their budgets reflect the appropriate level of facility rental costs and, (3) approving the Agency Transfer Voucher for payment. Facility rental costs represent a normal business expense and should be funded from the occupant's traditional revenue source.

All departments, offices and employees that generate, receive or maintain public records under the terms of this policy are also responsible for compliance with Policy [1109](#) – Records Management.

8. SANCTIONS

Organizations and/or individuals external to the university who fail to comply with this policy may be disallowed from future use of university facilities. For employees, sanctions will be commensurate with the severity and/or frequency of the offense and may include termination of employment.

9. EXCLUSIONS

Exceptions to this policy may be granted with the approval of the appropriate vice president making the request for relief from rental payments and the approval of the vice president for administration and finance.

10. INTERPRETATION

Authority to interpret this policy rests with the president, and is generally delegated to the assistant vice president for budget management.

Previous Version: December 2018

Approved by the president: April 2005