

# Setting up a Fee-for-Service Educational Activity

The following items should be reviewed by the department administration when establishing a unit that will consider selling goods and/or services.

## **Understand What Constitutes a FSEA**

- What is a FSEA and what type of FSEA's operate on campus?
- What type of users can a FSEA have (internal/external)?

## **Develop an Operating Plan and Rates for a New Activity**

When the need for a new FSEA is identified, the next step is to complete an application to become a Fee-for-Service Educational Activity and develop a basic "operating plan". Things to document:

- Description of the services that will be provided, and the estimated annual expenses and revenue Description of the customer base. i.e. University of Florida users, external customers, etc. If providing services to external customers, describe the external customers and consider tax implications
- Projected annual expense and revenue, and the identification of any need for subsidy
- If there is a deficit at the year end, what chartfield will cover it
- Administration of the monthly billing/management (roles and responsibilities)
- Where will the unit be housed and what equipment is needed
- How will the unit fund for the future equipment replacement?

Once initial operating plan is established at the department level, the unit should complete a rate calculation worksheet. This part of the process involves:

- Estimating the unit's expenses and# of users to determine the calculated (cost-based) rates; and based on the calculated rates, determining prices to charge to internal and any external customers

Once documented, the application and rate calculation worksheet should be submitted to the Auxiliary Accounting Office.

A template has been developed to facilitate rate calculations.

## **Obtain University Approval**

Auxiliary Accounting Office will assist the departments with approval process of each unit.

We are here to assist through every step of this process.