November 18, 2016

Memorandum

To: David Arrington
Susan Bonifield
Sandy Connolly
Rob Knebel
Charlotte Nunez-Wolff
Crystal Sheffield
Jill Tomlinson

From: Jim Roberts

Re: Special Exemption Criteria for the FY 17/18 Shared Allocation Statistic

As part of the annual budget development process, we ask that schools identify expenditures for the Provost to consider as potential special exemptions in calculating each school’s expenditure base used to prorate shared allocated costs. Requests for special exclusions will be evaluated based on your description of the activity and documentation of the expenditures you wish to have excluded. The Provost will review requests for special exemptions and will make the final determination. Only approved exclusions will be exempted from the modified expense base used to calculate the shared statistic.

Historically, there have been two primary categories of these approved exclusions:

- Expenditures supported by funds given to a Duke school for the purpose of supporting an organization outside of Duke have been excluded. In such cases, the intended beneficiary of the funding is not Duke but the organization outside of Duke. Note that engaging in service activities is not itself a reason to request an exemption.
- Expenditures supported by comprehensive student fees for food and lodging as part of a comprehensive program package have been excluded. These payments are made on behalf of the students to cover costs that are not intrinsically Duke costs.

Note that in principle there is no distinction between Duke costs and international costs. There is substantial overhead associated with managing Duke’s international activities and therefore the fact that an activity occurs outside the Duke campus is not a sufficient reason for a special exclusion.

If you believe a special exemption situation exists in your school, please submit a written request for exclusion no later than December 2, 2016. All submissions should be in memo format addressed to me providing a description of the activity, sources and amount of funding, and an explanation as to why the funding should be excluded from our allocation system. Financial data should be attached in tabular format. Requests involving less than $25K in annual expenditures otherwise included in the allocation
expense base will not be considered. (Standard exclusions from the expense base are discussed below.) Note that the 3-year rolling average calculation for the FY 17/18 statistic will include FY 13/14, FY 14/15, and FY 15/16 actual expenditure activity. Only expenditures incurred in FY 15/16 should be submitted. Previously approved special exclusions from FY 13/14 and FY 14/15 will automatically be applied in the development of the FY 17/18 budget.

Below are expenses which are already excluded from the expense base used to calculate the shared statistic:

- financial aid (63xxxx g/l accounts)
- capital plant and equipment (66xxxx g/l accounts)
- reserve for betterments (6923xx g/l accounts)
- depreciation - buildings/land (6924xx g/l accounts)
- depreciation - equipment (6925xx g/l accounts)
- indirect costs (6946xx g/l accounts)
- subcontracts over $25k (6971xx g/l accounts)
- recharges (7xxxxx g/l accounts)
- appropriations and transfers (8xxxxx g/l accounts)
- G&A allocation (1578xx cost centers)
- maintenance & operating space costs (156xxxx)
- auxiliaries (180xxxx cost centers)
- plant funds (7xxxxxx projects)
- agency funds (8xxxxxx cost centers)

Please be aware that, because of budget deadlines, any requests submitted after December 2, 2016 will not be considered in the FY 17/18 shared statistic calculation. Forward any questions to Amy Oates or Scott Franklin at 684-3501 or via e-mail (scott.franklin@duke.edu or amy.oates@duke.edu).

JR/az

xc: Sally Kornbluth
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