

**WASHINGTON STATE UNIVERSITY
EXECUTIVE POLICY MANUAL**

Executive Policy #17

Approved by Board of Regents, November 20, 1987

Policy on Sales of Goods and Services

INTRODUCTION

Washington State University, as the state's land grant institution, is directed to pursue the tripartite mission of instruction, research, and public service to the people of the state of Washington. In carrying out this mission, it is often necessary for the University and its affiliated units to provide goods and services for fees which enhance, promote, or support its instruction, research, and public service functions. However, the University must be mindful that when it makes provision of goods and services for fees, it may be competing with local private businesses.

This policy has been developed to define the legitimate purposes under which sales of goods and services for fees may be approved, and to establish a mechanism to review such sales.

POLICY

Washington State University may engage in the direct sale of goods and services to individuals, groups, or external agencies for fees only when those services or goods are directly and substantially related to the educational mission of the University. Charges for goods and services shall be determined taking into account their full direct and indirect costs, including University overhead, and the price of such items in the private marketplace.

CRITERIA

There are three distinct categories of sales transactions which occur at the University: (1) internal University interdepartmental transactions of goods and services necessary to the maintenance of the educational mission of the University; (2) sales of goods and services to faculty, staff, and students which are for the convenience of and in support of the broad educational mission of the University; and (3) sales to persons or organizations external to the University. The unique nature of each of these kinds of transactions makes it appropriate to use different criteria in evaluating requests for each type of sales program.

Noncash Transactions by Interdepartmental Requisition and Invoice

These internal noncash transaction of official University business between units, departments, and offices, necessary to meet the teaching, research, and service mission of the University, shall be governed by the University regulations on budget, accounting, and auditing which apply to such transactions.

Criteria for Sales to the Campus Community

Each of the following criteria shall be used in assessing the validity of providing goods and services for charge to the students, faculty, staff, and other members of the University community:

1. The good and service is substantially and directly related to the University's instructional, research, or public service mission.

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Criteria for Sales to the Campus Community (cont.)

2. Provision of the good or service on campus represents a special convenience to and supports the campus community or facilitates the extracurricular, public service, or residential life of the campus community.
3. The price or fee for the good or service is established at such a level as to account for the full direct and indirect cost, including University overhead.
4. Procedures are in place for ensuring that goods or services are provided only to members of the University community.

Criteria for Sales to the External Community

The University shall not engage in any sales activity solely for the purpose of raising revenue to support an educational or research activity if the goods or services sold are not directly and substantially related to the educational program.

Each of the following criteria shall be used in assessing the validity of providing goods and services to the external community:

1. The good or service represents a resource which is directly related to the unit's educational OR RESEARCH mission, which is not commonly available in the private marketplace, and for which there is a demand from the external community.
2. The price or fee of the good or service is established to account for the full direct and indirect cost of the good or service, including University overhead. The price of such items in the private marketplace shall be considered in establishing the price or fee.
3. The sales activity shall not be solely due to excess capacity within the University or any of its constituent units or departments.

EXCLUSIONS

Recognizing that the central mission of the University is the provision of instruction, research, and public service, this policy shall not apply to charges for instruction in its regular, extension, evening, or continuing educational programs; services provided in the practicum aspects of its instruction and research programs; services for fees in its extracurricular or residential life programs, including residence halls, food and lodging services, Alumni Association programs, athletic and recreational programs, and performing arts programs.

It is recommended that separate and specific policies and guidelines for bookstore operations shall be established by the Board of Directors of the Students Book Corporation, in consultation with the University administration and the WSU-Pullman Chamber of Commerce Community Relations Forum.

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EXCLUSIONS (cont.)

The WSU-Pullman Chamber of Commerce Community Relations Forum may recommend special exclusions, exemptions, or allowances for University sales or service programs or activities which are a community tradition or which provide a unique benefit to the community. These exclusions, exemptions, or allowances are to be provided by the University on a case-by-case basis, only upon such recommendation by the Forum, and will be listed as addendums to this policy. The Community Relations Forum may retract recommendations for such exclusions, exemptions, or allowances granted in this manner as it deems necessary.

ADMINISTRATION

Final approval for the sale of any good or service not excluded from this policy shall be vested in the University Controller. Before any service center or sales project may be implemented, the unit proposing the center or project shall provide to the Controller, a request setting forth all pertinent information about the center or project and the justification for such a program, specifically addressing the elements of this policy and the stated evaluation criteria.

Each category of goods and services sold is to be considered separately to avoid the unplanned expansion of any sales program. All new categories of sales shall be justified to and reviewed by the Controller, in accordance with this policy.

The Associate Vice President for Finance shall resolve any disputes or other matters concerning the internal application of this policy.

All current service centers and sales programs not excluded from this policy shall be evaluated by the Deans and Vice Presidents for the units under their direct authority, following the procedure for review stated above. The Deans and Vice Presidents shall report the findings for units under their direct authority to the Controller, not later than six months after the effective date of the adoption of this policy.

Each existing service center and sales program not excluded from this policy shall be periodically reviewed and evaluated for conformance with this policy, upon a schedule to be determined by the Controller.

COMMUNITY LIAISON

The WSU-Pullman Chamber of Commerce Community Relations Forum or its successor made up of representatives of the community and the University will exist to receive and address questions and concerns from members of the external community about specific University sales programs, and/or refer these concerns to the Vice President of Finance and Administration for response. The Community Relations Forum will be charged with the review of this policy to determine its effectiveness in reducing University competition with private enterprise in the community and with making recommendations to the Vice President of Finance and Administration for changes or improvements in the policy.

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Addendum

The following exclusions to the Policy on the Sales of Goods and Services have been recommended by the Community Relations Forum and approved by the Board of Regents:

1. Ferdinand's (retail dairy products, including Cougar Gold cheese).
2. The concept of the Washington State University Research and Technology Park as an interim land use real estate development. Individual Washington State University departments located in the Park will, however, conform to this policy.

BACKGROUND

The Washington State University-Pullman Chamber of Commerce Community Relations Forum began its meetings in the summer of 1986 with the general goal of improving communication between the University and the local business community and the specific objective of recommending to the University a draft policy on the sales of goods and services. New state law (SSB 5688) requires consultation between the local business community and the University on the implementation of such a policy by the University. The Community Relations Forum, endorsed by the Pullman Chamber of Commerce and Washington State University, is the primary liaison and consultative body for the implementation of this policy. However, broader community awareness and consultation was desired by the Forum and encouraged prior to the enactment of this policy.

A series of working meetings was held by members of the Community Relations Forum to develop the draft policy. The first "Report to the Community and Draft Policy—July, 1987," was published and distributed. Public hearings were held in downtown Pullman during the months of August, September, October, and November, 1987. Forum members considered public comments and revised the policy and recommended its adoption to Washington State University. The Board of Regents approved the policy on November 20, 1987, and a report of these activities and the WSU policy were submitted to the Washington Legislature on December 1, 1987, by the Council of Presidents Office on behalf of all the four-year higher educational institutions in Washington.

The Community Relations Forum will continue its advisory role and will review the University efforts in the months and years ahead.