

SAN DIEGO STATE UNIVERSITY

SCOPE OF AUTHORITY - AUXILIARY ORGANIZATIONS

Purpose

The Education Code of the State of California provides that "the operation of auxiliary organizations shall be conducted in conformity with regulations established by the trustees" (§89900). The Trustees have established those regulations in Title 5 of the California Code of Regulations. Title 5 provides that the campus president is responsible for the general welfare of the campus, therefore, the President is required to ensure that each auxiliary organization operates in conformity with policies on the campus.

As the auxiliary organizations of San Diego State University are incorporated under the laws of the State of California, governing boards have authorities and responsibilities under corporate statutes. In fact, Title 5 language providing that "Each auxiliary governing board has a responsibility to conduct its operations in accordance with all statutes that are applicable to auxiliary organizations" is inclusive of all applicable statutes, e.g., corporate, Education Code and Title 5. This document does not limit the authorities or responsibilities of the governing board as provided to it under its corporate status, but does provide campus policy for the SDSU auxiliary organizations to act as a CSU "auxiliary in good standing."

This document provides campus policy regarding functions, business transactions and activities of the auxiliary organization. For purposes of this policy, the term 'business transaction' includes all transactions, agreements, grants, contracts or other arrangements which have impact on the financial or economic resources of the University or of the auxiliary organization.

Policy Principle and Objectives

All University business functions and transactions shall be conducted exclusively by the University or one of its established auxiliary organizations as set forth below. The University retains unto itself the authority to regulate all business transactions that are executed on its behalf or are executed in its name. Because auxiliary organizations are an integral part of the overall campus program, all auxiliary activities - whether conducted on or off campus - are assumed to be on behalf of the University and are subject to this policy.

In implementing this policy the objective are two:

1. To ensure that the activities of the auxiliaries are consistent with and supportive of the President's responsibility and authority to set academic and financial direction and strategies.
2. To conserve and effectively use University resources with the avoidance of unnecessary duplication of effort and to maintain the fiscal integrity of the University.

It is the duty of the auxiliaries to ensure that activities are conducted within the scope of these objectives. Nothing in this policy or in the individual auxiliary operating agreement shall be interpreted or assumed to limit the ability of San Diego State University to engage directly in such functions or to assign and/or re-assign particular functions to an auxiliary organization on a case by case basis.

Policies

Under the direction of their governing boards, auxiliary organizations operate for the benefit of the University. The determination of what benefits the University accrues to the President. In accordance with Executive Order 731, the President has designated the Vice President of Business and Financial Affairs as Chief Financial Officer for the campus, who shall ensure that the auxiliaries operate in accordance with this "Scope of Authority" statement. Accordingly,

- In order that the President retain maximum ability to execute strategies towards the benefit of the University, auxiliary organizations must ensure that the University's flexibility is retained and/or supported when major agreements are executed by the auxiliary. Major agreements include financing/bonding, property acquisition, development or use and acceptance of major restricted gifts.
- If a conflict between Trustee or campus policy and corporate obligations arises, Trustee and campus policy take precedence, and corporate obligations of the auxiliary must be modified accordingly, as determined by the President. If the auxiliary organization, through its board and/or management, does not or cannot modify its corporate obligations as determined by the President, the President shall notify the Chancellor's Office that the auxiliary is not in compliance with campus policy.
- Auxiliary organizations shall not obtain, receive or hold funds, properties or assets for their own purposes or for any other purpose than on behalf of and for the benefit of San Diego State University.
- Each auxiliary organization shall be responsible for providing effective services within its permitted area of activity. These organizations shall recognize that their unique relationship with the University results in a special responsibility to perform services - sometimes in spite of costs exceeding revenues - which are consistent with and for the benefit of the overall mission of the campus. Should new services be conceived they shall be conducted within the provisions of this document.
- Each auxiliary organization shall make/receive fair and equitable reimbursement to/from the University for services rendered by/to the campus and for use of facilities and other resources. Upon approval of the CFO and preparation of appropriate documentation, this reimbursement need not be only in the form of cash, and the net reimbursement may be calculated across a variety of services.
- The Vice President for Business and Financial Affairs shall reconcile any conflicts that may arise between auxiliaries.
- An approved auxiliary organization operating for the benefit of San Diego State University shall have an operating agreement with the Trustees of the California State University and may perform activities as specified in its agreement. This policy shall be referenced in the operating agreement.
- Any and all other agencies, including chartered campus organizations, departmental groups, or independent public or private enterprises that wish to conduct any form of business activity on

the campus shall do so only under the auspices of the Vice President for Business and Financial Affairs.

Rules of Auxiliaries

Regulations defining the appropriate and permitted functions of campus auxiliary organizations are listed under Title V of the California Code of Regulations, Subchapter 6, Article 2. Section 42500 of Article 2 delineates functions which may be assigned to auxiliaries as approved by the Trustees. Section 42501 of Article 2 specifies the requirement for a written agreement for an auxiliary to operate on campus. The written operating agreement constitutes each auxiliary's permission by San Diego State University to perform selected functions enumerated in Section 42500.

San Diego State University auxiliaries have permission to engage in:

Associated Students: Student Body Organization activities within the allowable programs enumerated in Title V, Subchapter 6, Article 4.

Aztec Shops: All commercial activities, including the vending and sale of food, supplies, and resale merchandise anywhere on or on behalf of the university, housing, property acquisition and development, and administration of other business activities as determined by the Vice President for Business and Financial Affairs when it is deemed to be more effective to accomplish such functions and activities through Aztec Shops.

San Diego State University Foundation: Subject to the concurrence of the President that the activity is supportive of and consistent with the academic mission of the University: development and administration of grants and contracts for research and educational projects; administration of special programs such as bureaus, institutes, centers, workshops, conferences and seminars; securing, executing and administering agreements with respect to intellectual property; implementation of the official property redevelopment program adjacent to San Diego State University; property acquisition and development; investment and management of Foundation endowment funds, and administration of funds for University-affiliated organizations.

The Campanile Foundation: Supportive of and consistent with the academic mission of the University, accumulation and management of gift and endowment funds; handling of trust accounts for student scholarship and loan funds donated to the University and administered by the University Financial Aid Office.

Signed by: Stephen Weber, President

Date: June 22, 2001