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**Subject: University-Related Business and Commercial Activities**

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**1. Purpose**

These policies and procedures are to ensure that University-related business and commercial activities conducted by Virginia Polytechnic Institute and State University (University) are consistent with the mission of the University and are authorized by the University.

**2. Policy**

The University shall carry on no business activities that compete unfairly with the private sector.

The primary mission of Virginia Tech is the creation and dissemination of knowledge. To carry out this mission, it is often necessary for the university and its affiliated units to charge fees to provide goods and services that enhance, promote or support its instructional, research and public service missions, and its educational and support functions.

University business activities shall be established and carried on only when pursuant to, and in accordance with, an authorization and statement of purpose approved by the Vice President for Finance and Chief Financial Officer.

1. When determining whether a University-related business activity should be maintained, supported or established by the University, the following conditions should exist:
  - a. The activity is deemed to assist in the fulfillment of the University's mission, without regard to profit.
  - b. The activity is needed to provide an integral good or service at a reasonable price, on reasonable terms, and at a convenient location and time.
  - c. The activity is carried out for the primary benefit of the university community.
  - d. The activity does not compete unfairly with other university-related entities or businesses in the private sector.
2. Goods and services may be offered to the public when they provide a convenience and incentive for the public to use University services or attend University programs, or when incidental to the provision of such goods and services to the University faculty, staff and students. Such University services and programs, however, should further the University's mission (such goods and services could include food, lodging, refreshments, momentos, etc., provided in conjunction with approved University programs).
3. Advertising for University goods and services shall not be directed at the general public, except in conjunction with authorized University programs and events.
4. Discounts or coupons may not be offered to faculty and staff for services that are provided within the local business community. Pricing structures for University goods and services shall be determined by the various departments, reviewed and approved by the University Controller's office. All goods and services should be offered at fair market value.

5. Discounting may not be used to promote university-related business activity that will compete with other university-related entities or businesses in the private sector.
6. Services and activities should not be offered to the public or to the University community solely as a means to create additional revenue.
7. All commercial services and/or business activities operated or contracted for by the University and its related entities and occurring on University property must be authorized by the Vice President for Finance and Chief Financial Officer. This policy applies to all such activities of all University departments, auxiliaries, and related corporations. As outlined in Section 2.b. of the Affiliation Agreement between the University and its related corporations, the University may choose to exercise control over the activities conducted by related corporations occurring on its property. Accordingly, commercial and business activities of University-related corporations must be approved when occurring on University property. This policy includes the operation of, or contracting for, the operation of other commercial and business activities, including food services, convenience stores, and vending activities.

University policy states the following responsibilities:

- a. The Residential and Dining Hall Auxiliary provides general student food service in the dining halls through meal plans offered by the Dorm and Dining Hall Auxiliary.
  - b. The Residential and Dining Hall Auxiliary and the Inn at Virginia Tech offer catering on request to departments for University functions on campus and at University-related facilities, such as the German Club and the Horton Center. The Residential and Dining Hall Auxiliary and the Inn at Virginia Tech may also provide catering services upon request to outside groups holding a function on campus. The Residential and Dining Hall Auxiliary and the Inn at Virginia Tech may offer catering off-campus only when the function is an approved university function and is to be reimbursed from university funds. These entities may not offer catering services to private or personal events. Off-campus university functions may also be catered by businesses in the private sector.
  - c. The Inn at Virginia Tech provides food service in the Inn at Virginia Tech to the general University community and users of the Center.
  - d. Virginia Tech Services, Inc. operates and manages, on behalf of the University, all textbook sales, vending, store operations (including book supply and convenience stores), copy services, general merchandising, and food services not assigned to other entities;
  - e. The University Unions and Student Activities Auxiliary, which operates the Squires Student Center and related facilities, such as the G. Burke Johnston Student Center, may provide fast food service as part of the student center operation. Externally provided food services for any University facilities will be contracted by the University.
  - f. The University Treasurer is responsible for all banking facilities and services including cash and automated teller machines.
8. Services and activities should be reviewed periodically, as provided below, to ensure conformance with the intent and purpose of this policy.
  9. This policy does not apply to instructional programs currently approved by the Provost or sponsored program activities currently reviewed by the Office of Sponsored Programs.

### **3. Procedures**

#### **3.1 New or Expanded Services and Activities**

New or expanded services and activities, except those that relate to degree programs and course offerings, must go through a review and approval process before being offered to the public or to University faculty, staff and students. If an activity is offered before this review is complete, the University will not be responsible for any commitments, obligations or expenses incurred if the activity is eventually disapproved.

1. The proposed activity must initially be approved by the responsible department head and dean or vice president. If approved, an activity description must be prepared, which should include information to demonstrate that the activity meets the conditions for University-related business activities or that sufficient justification exists for an exception to those conditions. The description must also include:
  - a. A statement of the activity's purpose, a description of the goods and services it will provide, and how it will contribute to the mission of the University.
  - b. An analysis of costs and benefits, and alternatives to obtain or provide similar services, with an evaluation of quality, price and convenience of outside services.
  - c. Documentation of funding sources, which shows any required use of University facilities and services, and evidence that the activity will be self-supporting, if appropriate.
  - d. A statement that describes the customers served, methods of customer solicitation and planned pricing policies.
2. The activity description must be approved by the department head, dean, or vice president and sent to the Vice President for Finance and Chief Financial Officer, who will review the proposed activity to ensure conformity with this and any other applicable policies. The activity may also be reviewed by the University Legal Counsel, the Controller, Risk Management, and Budget and Financial Planning, as appropriate, prior to submission to the Chief Financial Officer. These reviews will include evaluation of potential problems such as unrelated business income, political sensitivity to competition with private business, uninsured risks, and budgetary implications.
3. The Vice President for Finance and Chief Financial Officer will review the proposal and provide the appropriate dean or vice president with notification either adopting, modifying, or not supporting the proposal.

### **3.2 Existing Services and Activities**

Applicable services and activities provided by the University will be reviewed at least once every five years by the responsible vice president to make sure they are in compliance with the intent and purpose of the University's policy on university-related business activities. This review must be prepared under the direction of the dean or department head and should include the same information contained in the activity description as outlined in Section 3.1, No. 1 of this policy. The Vice President for Finance and Chief Financial Officer will select several services and activities annually for review of compliance with this policy.

### **3.3 Unfair Competition**

If a written complaint of unfair competition is registered with the University by a firm or individual from the private sector about the inappropriateness of a business activity, the University must take immediate action. All complaints of unfair competition must be reported to the Vice President for Finance and Chief Financial Officer, who will:

1. Evaluate the validity of the complaint. As a part of this effort, the Vice President for Finance and Chief Financial Officer may request the Internal Audit department to assist in the investigation.
2. Provide a factual report and recommendation about the complaint.
3. Inform the firm or individual who made the complaint of the findings of the investigation and the actions the University will take, if any, as a result of the investigation.

If it is determined that unfair competition has occurred, the Vice President for Finance and Chief Financial Officer will see that a plan to address the unfair competition is prepared and implemented and will provide appropriate notification to executive management.

## **4. Definitions**

A business or commercial activity is one that provides goods or services for compensation and which is regularly carried on.

## **5. Approval and Revisions**

- Revision 3

Revised item 4, Section 2.0 regarding the use of coupons and pricing at fair market value. Added item 5 to Section 2.0 regarding discounting; following items renumbered. Minor changes to reflect changes in titles.

Approved January 17, 1997 by the Executive Vice President.

- Revision 4

Section 2.0, #1, item d. added; #7, item b. changed.

Approved July 16, 1997 by Executive Vice President, Minnis Ridenour.

- Revision 5

Update to titles throughout policy.

Sections 3.1, #2; 3.1, #3; 3.2; and 3.3 - responsibility moved from Executive Vice President and Chief Operating Officer to Vice President for Budget and Financial Management.

Approved January 14, 2002 by the Executive Vice President and Chief Operating Officer, Minnis E. Ridenour.

- Revision 6

June 26, 2008: Updates to position titles and/or responsibilities due to university reorganization.