



System Procedure 7.6.1 Sales of Products and Services

Part 1. Review Process

In accordance with Board Policy 7.6 Sales of Products and Services, colleges and universities must:

- evaluate any decision to provide supplemental or incidental products and services to students, faculty, staff, or the public at large where the products and services to be provided might compete with similar products or services offered by the private sector.
- regularly review the sales of products and services to ensure compliance with Minnesota statutes, Board policies and system procedures.

In accordance with *Minn. Stat. Section 135A.13, Student Services Prices*, the governing board of each public post-secondary system is requested to establish prices for goods and services sold through auxiliary activities that approximate as nearly as possible the cost of providing quality goods and services.

Part 2. Establishment of Procedures

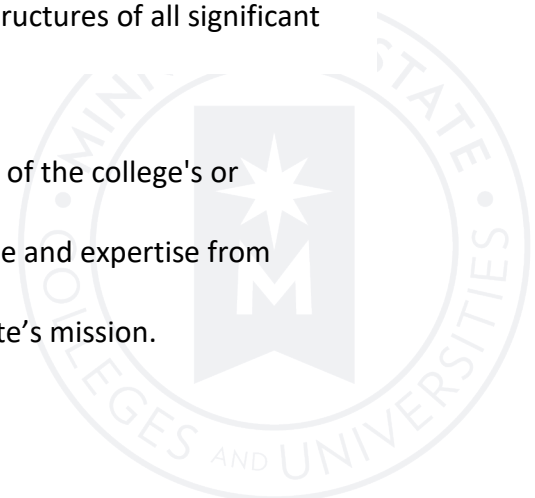
Each college and university shall develop a procedure to review issues of competition and to develop prices that comply with this procedure. The campus procedure must include, at a minimum:

- review of all newly proposed sales of products and services for potential private sector competition and a review of ongoing activities whose appropriateness has been questioned. This review process must make use of the criteria established in this system procedure.
- presidential approval of proposed sales of products and services prior to implementation to ensure the activity, as well as the pricing of the products and services, is appropriate.
- a periodic review of, and presidential approval of, pricing structures of all significant competitive activities.

Part 3. Allowable Competitive Activities

All sales of products and services must be integral to the fulfillment of the college's or university's mission or must meet one of the following criteria:

- The products or services represent the transfer of knowledge and expertise from Minnesota State to the public.
- The products or services support and extend Minnesota State's mission.



- The products or services are integral to the delivery of the instructional mission.
- The products or services are not commonly available or otherwise easily accessible in the public market.
- The products or services are a major convenience to the campus community including students, faculty, staff and other members of the public participating in institutional activities.
- The products or services are of significant importance to maintaining the quality of the institution, including efforts which impact positively on student, faculty and staff recruitment and retention.
- The products or services are required by a federal or state mandate.
- The provision of products or services represents an opportunity to utilize existing capacity or underperforming assets to reduce the college or university's internal costs of providing the products or services.

Part 4. Pricing Principles

Products or services offered by a college or university must be priced to recover, at a minimum, all costs related to producing the product or service, including all applicable direct and indirect costs as determined in accordance with System Procedure 7.3.4 Cost Allocation.

Exceptions to full cost recovery pricing are permitted under the following circumstances:

- If the activity is integral to the fulfillment of the college's or university's mission, prices may be established at less than or more than full cost recovery upon approval by the president.
 - (a) If underutilized college or university facilities are made available for non-college or non-university events, prices may be set above the full recovery of costs and must be subject to the requirements of System Procedure 6.7.2.
- If products and services are offered for the convenience of students, faculty, staff, or participants in college or university activities, prices must be competitive with private sector prices, unless a higher price is required to ensure full cost recovery.
- If subsidized pricing is mandated or permitted by federal law or state statute, prices should be set accordingly.

Colleges and universities must also be aware of possible tax consequences for Unrelated Business Income Tax (UBIT), Private Business Use (PBU), and other potential liability issues, including but not limited to Workers Compensation and liability insurance.

Part 5. Accountability

Full documentation of costs and pricing determinations must be developed and maintained. The pricing structure must be in compliance with the above criteria and any other relevant board policies and system procedures. The impact of the proposed activity on the private sector must be examined as part of the documentation. In all cases where a potentially competitive situation exists, the college or university must consider the concerns of affected private businesses with sensitivity and in good faith.

Date of Adoption: 01/18/02
Date of Implementation: 01/18/02
Date of Last Review: 06/16/25

Date and Subject of Amendments:

06/16/25 –Procedure was renamed to Sales of Products and Services to align it with Board Policy 7.6 Sales of Products and Services. Reference to Board Policy 7.1.1 was removed. Updated the process requirements for reviewing competition issues and pricing. Updated the criteria for allowable competitive activities.

1/25/11 - Addition of possible tax consequences for Unrelated Business Income Tax (UBIT), and other potential liability issues; related documents updated

No additional HISTORY