

80.15 Service Centers

Approval Authority: **Cabinet**
Responsible Executive(s): **Provost and Vice President for Academic Affairs
CFO, Vice President for Finance and Treasurer**
Responsible Office(s): **Office of Sponsored Accounting and Cost Analysis; Office of Sponsored Programs**
Effective Date: **March 20, 2018**

I. Purpose of this Policy

As a recipient of federal funding, the University must comply with the U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. §200 (“Uniform Guidance”). In accordance with Uniform Guidance, Subpart E (§200.468), academic service centers (as further defined below, “Service Centers”) may charge internal and external users for services and recover the University’s actual costs in conducting such services, without making a profit. This Policy sets forth the standards for designating and monitoring Service Centers at the University.

II. Definitions

Service Center: A Service Center is an operating unit of the University (a) with annual operating expenses of more than \$50,000, (b) that charges for goods and services which directly support the research or academic mission of the University and (c) which recovers costs through charges primarily to internal users. Examples of Service Centers may include a machine shop, animal care facility and radiation service facilities.

Specialized Service Facility: A Service Center (as defined above) (x) with annual operating expenses of more than \$500,000 or (y) that provides highly complex or specialized services. Services such as computing facilities, tow tanks, and clean rooms would all be examples of facilities which may qualify as Specialized Service Facilities.

Central Service Units: Operating units which do not directly support the research or academic mission of the University such as the campus store, print shop, central receiving, and similar operations. Central Service Units are not Service Centers and are not covered by this Policy.

III. Policy

- A. The University will designate a Service Center or a Specialized Service Center when the definitional criteria set forth above are satisfied and the criteria set forth below are met:
 - i. The goods and/or services provided by the facility are provided to multiple University users on a regular basis (in addition to any external users);
 - ii. When the cost of goods and/or services can be clearly identified;
 - iii. When usage by University users can be reasonably measured; and
 - iv. When billing rates may be established to measure the cost of goods and services provided by the facility.

At least once during each fiscal year, the Office of Sponsored Accounting and Cost Analysis (“OSA”) will (x) conduct a review of recurring costs billed to sponsored projects and determine which of the University’s facilities should be designated as Service Centers and Specialized Service Centers under this Policy and (y) make available on the University’s website a listing of all designated Service Centers and Specialized Service Centers.

- B. Academic facilities which do not qualify as Service Centers must bill users for the direct costs of goods and services, understanding that equipment depreciation and other indirect costs which are included in the indirect cost rates of the university may not be recovered through these charges.
- C. Service Center rates must be applied consistently and fairly to all users (both internal and external) based on usage. Indirect costs may be charged to external users, but shall not be treated as Service Center income. Indirect costs may not be charged to internal users.
- D. In establishing rates, Service Centers must recover all direct costs plus the depreciation of any equipment purchased by the University and used by the Service Center. Specialized Service Centers must recover all direct costs plus the facilities-related portion of indirect costs (e.g., utilities, operations and maintenance, building depreciation and interest) through charges or subsidies.
- E. In accordance with federal regulations, Service Centers must be designed to recoup only the cost of operating the Center and should not be designed to generate a profit. Any profit or loss on the part of a Service Center must be carried forward to the succeeding fiscal year, and taken into account when setting the rates for the Service Center for that year.
- F. The method used to estimate costs, allocate costs, prepare Service Center budgets, and accumulate costing information for rate computations must be consistent with the cost accounting practices used by the University to identify, record and report actual charges.

- G. All Service Center activities will be documented by the Service Center and OSA, and records maintained consistent with the University's Record Retention Policy to support rate calculations, units of service/utilization, and expenses incurred by each such Center.
- H. On an annual basis, OSA will calculate the actual aggregate cost of each Service Center, and determine whether such Service Center has charged more than such aggregate cost to users during that year. OSA will adjust each Service Center's rates based on projections for the upcoming year and taking into account any adjustments from prior years.
- I. The CFO, Vice President for Finance and Treasurer must review and approve in writing the annual reconciliation of, and rates to be charged by, each Service Center.