SERVICE CENTERS AND RECHARGE CENTERS
CHARGING SPONSORED PROJECTS

Policy Statement

It is the policy of the university to comply with federal regulations regarding the permissibility of charging costs to federally sponsored projects for specialized service facilities. Service Centers and Recharge Centers may provide specialized services to federally sponsored projects and other users. The establishment of Service Centers and Recharge Centers and their schedules of rates or charging methodology must be approved in advance of charging sponsored projects by the Budget Office and the Office of the Comptroller.

Reason for Policy

Costs for specialized services facilities charged to federally sponsored projects must be based on schedules of rates or established charging methodology that do not discriminate against federally sponsored projects and are designed to recover only the aggregate cost of the specialized services.

Who is Governed by this Policy

Faculty and staff

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Last Revised Date: June 24, 2014
Policy

The costs of goods and services provided by specialized service facilities operated by the university are chargeable to federally funded projects if the charges are based on actual usage of the services and an approved schedule of rates or an established charging methodology that does not discriminate against federally sponsored projects and that recovers only the aggregate costs of the services.

When a Service Center or Recharge Center is established, the charging methodology and schedule of rates must be reviewed and approved by the Budget Office and the Office of the Comptroller. Any subsequent changes to the schedule of rates and charging methodology must also be reviewed and approved by the Budget Office and the Office of the Comptroller.

There are two costing methods that may be used to calculate the amount that may be charged: A Service Center Rate Computation or a Recharge Center Rate Computation.

Regardless of the method used, all Service Centers and Recharge Centers must adhere to the following requirements:

A. Charges must cover only costs;
B. Charges must exclude unallowable costs;
C. Charges must be applied consistently;
D. The financial activity of the Center must be reviewed by the Office of the Comptroller annually to confirm that rates charged do not exceed costs incurred;
E. The schedule of rates must be adjusted at least biennially; and
F. The schedule of rates and methodology must be approved by the Budget Office and the Comptroller’s Office, as described above.

Departments providing services are responsible for determining the need for a Service Center or Recharge Center and for maintaining appropriate records. Detailed guidance for Establishing a Service Center, Service Center Rate Computation, and
Recharge Center Rate Computations is set forth in the implementing procedures located on the Comptroller’s website.

This policy does not address charging federally sponsored projects for costs of Other Institutional Activities.

**Definitions**

**Auxiliary Enterprise:** A self-supporting unit that exists principally to provide goods and services to the university community including students, faculty, staff and alumni for a fee to cover the total operating cost (i.e., fixed and variable) in the long run. Housing and parking are examples of auxiliary enterprises.

**Billing Rate:** A dollar amount that is charged per unit of goods or services provided and used for billing purposes.

**Facilities and Administrative Costs (F&A):** F&A costs are those that are incurred for common or joint objectives and cannot be identified readily and specifically with a particular Service Center activity. There are two types of F&A costs:

1. Service Center F&A costs internal to its operations, and
2. The university’s institutional F&A costs.

**Other Institutional Activities:** Other Institutional Activities means all activities except instruction, departmental research, organized research, other sponsored activities, Facilities and Administrative Costs (F&A), and specialized service facilities. Generally, Other Institutional Activities include operation of residence halls, student unions, intercollegiate athletics, cafeteria, bookstores, student housing, and other similar auxiliary enterprises.

**Recharge Center:** A Recharge Center is a type of Service Center that only recovers the cost of materials (excluding salaries and wages) within a department. Recharge Centers recoup, through a redistribution method, direct costs relating to a particular activity. An example of a Recharge Center is a high capacity computer.

**Service Center:** A Service Center is a department or other unit in the university that performs or provides, for a fee, specific technical or operational services primarily for internal users. Service Centers vary in size and complexity, as well as in the costs included in their rate structures. A Service Center provides services to a broad range of users throughout the campus. Rates typically recover direct salaries and benefits, direct materials costs, and part or all of their associated F&A overhead costs. An example of a Service Center is the Animal Research Facility.
**Service Center Direct Cost:** Service Center Direct Costs are those costs that can be identified specifically with a particular Service Center activity or that can be directly assigned to such activities with relative ease and with a high degree of accuracy.

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**Related Information**

- Implementation Guidelines for Establishing Service Centers and Recharge Centers Charging Sponsored Projects
- U.S. Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

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**Contacts**

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**Document History**

- **Last Reviewed Date:** March 29, 2018
- **Last Revised Date:** June 24, 2014
- **Policy Origination Date:** May 1997

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**Who Approved This Policy**

Louis H. Katz, Executive Vice President and Treasurer

Beth Nolan, Senior Vice President and General Counsel

*This policy, as well as all university policies, are located on the Office of Compliance’s home page.*