



## Research Service Center Guidelines

**Responsible Officer:** Director

**Responsible Unit:** Sponsored Research

**Effective date:** 15 December 2017

### Policy Statement

The University administers Research Service Centers (“RSCs”, “cores” “recharge or service centers”), which are self-supporting auxiliary operations or educational business activities charging a fee for goods or services furnished to students, faculty and staff in accordance with Federal costing standards, State of Florida and University policies and procedures. The RSCs are created, operated and administered by University schools and departmental business units with periodic review centrally by Sponsored Research (“SR”). In addition to being subject to the University Controller’s Office’s Auxiliary Procedures on educational business activity set up, Cores may also be subject to additional policies, procedures or guidelines at the discretion of the governing/administering school or college.

### Institutional Oversight

All USF fee-for-service activities are required to have relevant institutional oversight. Before a function charges a fee to another unit at the University, the fee should be reviewed and approved by the institution’s designated oversight body in accordance with USF’s Auxiliary Guidelines.

Further, to facilitate the organization’s efforts to ensure rate and costing compliance for research recharge operations, on a biennial basis, management of the administering school or college should reassess the efficacy of the rates charged to sponsors for its goods or services. The divisions of Sponsored Research, USF System Audit and USF System Compliance reserve the right to inspect documentation pertaining to the governing school or college’s determination of fees so as to ensure that rates established for Core activities are nondiscriminatory, adhere to applicable Federal regulations and comply with break-even costing concepts.

### Definition

A Research Service Center provides specific services that are generally technical in nature, the costs of which are separately accounted for and recovered on a break-even basis by charging a fee to users in proportion to the services rendered. The primary purpose of Cores is to support researchers internal to the University although services may also be provided to external users, in most cases on an incidental basis. Services provided by recharge centers may not be readily available from external sources and may not be subject to external market forces. Examples of Cores include instrumentation and scientific

equipment, computing centers, educational media services, as well as specialized analysis and evaluation activities. Cores vary in size, complexity, and rate structures.

### **Regulatory Information**

Service centers fall under regulatory guidelines contained in the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (the "Uniform Guidance"). If a core facility charges sponsored projects, the recharge activity is subject to 2 C.F.R. §200.468, Federal auditors may review procedures for establishing and monitoring service center rates and conduct reviews to ensure that proper accounting procedures are in place. If institutional policies and procedures are not observed, service center charging activities may be disallowed, resulting in repayment, fines and other adverse consequences.

All Core facilities must have written policies and procedures that guide day-to-day operations, document the rate-setting methodology or provide other noted information about the activity and direct its business processes. Core facility policies and procedures must be in compliance with Federal regulations, University policies and procedures and those expressed in these guidelines. Where differences exist, Federal regulations shall take precedence.

### **Responsibility Hierarchy**

Managing academic and research business units are responsible for determining billing rates in accordance with this policy, developing appropriate operating protocols, managing day-to-day operations, ensuring fiscal accountability, providing business support as required in order to appropriately administer core operations and conducting periodic rate reviews at least every two years or more often if necessary. Ultimate responsibility for operational oversight rests with the department head/director and the dean. The school or college may provide additional supplemental guidance, policies and procedures pursuant to this oversight so long as those policies do not conflict with this policy.

Sponsored Research provides periodic institutional oversight as necessary, including monitoring billing rates to ensure financial compliance and approving requests for new rates or rate revisions in conjunction with the University's Controller's Office.

USF System Audit and USF System Compliance may include a selection of Cores in their work plans from time to time to ensure compliance with University policies.

### **General Guidelines for Cost Recovery by Institutional Research Service Centers**

- Institutional review and approval--is required to enable RSCs to charge fees for services.
- Administering schools or colleges' academic or business units must conduct periodic rates and financial compliance reviews every two years and more often if necessary.
- RSCs are separately budgeted and accounted for in the University financial accounting system.
- Cores should recover operating costs over an operating cycle, usually one fiscal year.
- Cores should apply a break-even direct costing concept to develop rates for internal and sponsored projects. Operating at break-even means there is no significant profit or loss resulting

from charging users for goods or services in the operating cycle and zero profit or loss over the long-term as any excess surpluses or deficits are eliminated by adjusting future rates. Refer to Appendix A.

- All usage must be accounted for, documented and included in the break-even rate calculation. All rates charged must be in accordance with SR-approved rate schedules. Departmental and central management must ensure the Federal government does not subsidize other Core users by charging rates that do not reflect all Core usage.
- The intent of operating a Service Center is for it to be a self-supporting activity and, as such, all users/customers should be billed for goods and services received at the time of product/service delivery. In the event that a school or college elects to subsidize faculty and students' use of a recharge center at no cost to these individuals, an appropriate funding source must be identified and charged at the full rate (*e.g.*, the full cost of the services provided for free to the faculty or student must be allocated to an RIA account). Each school or college is responsible for establishing procedures for subsidizing faculty and students' use of institutional research centers' services.
- The same rate schedule should be applied consistently to all internal users (including sponsored agreements). Rates may not discriminate against Federally-funded accounts to the benefit of other users. At no time will an internal customer be charged less than the Federal government for the same service. Each school or college is responsible for establishing procedures to ensure that the governing/administering school or college applies consistent treatment to all users/customers—whether internal or external.
- Cores must exclude unallowable costs from their billing rates in accordance with the Uniform Guidance and University policies.
- Cores may not charge users in advance of actual service performance. Any departure from this standard requires written sponsor approval that must be obtained, documented and approved by SR prior to processing any advance billing.

### **Reason for Guidelines**

Research service centers support the research enterprise by providing USF's researchers with access to infrastructure, technologies and services that are often beyond the technical or financial capability of individual investigators. Universities that perform Federally-funded research are required to have costing policies that are in compliance with the Federal government's Office of Management and Budget Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (the "Uniform Guidance"). These guidelines provide direction for RSC operational oversight and rate-setting methodology.

### **Related Policies, Procedures and Tools**

#### ***Related Policies include:***

<http://www.usf.edu/research-innovation/documents/about-usfri/ds-2-statement.pdf>

<https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/xml/CFR-2014-title2-vol1-sec200-468.xml>

<http://www.usf.edu/business-finance/controller/documents/usfauxiliaryguidelines.docx>

***Additional Tools Include:***

**[Billing Rate Calculation Template](#)**

**Contact**

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**Revision History**      [None](#)

**APPENDIX A**  
Sample Rate Calculation Instructions

A. General Rate Calculation

The purpose of calculating a rate to determine price is to assess users an allocated share of service center costs based on their relative use of Service Center products or services. A single rate (cost per unit of output) is used to recover the expense of providing a product or service. This rate is calculated by dividing the total estimated cost of providing the goods/services by the total projected level of activity for the budget period:

$$\text{Rate} = \frac{\text{Total Estimated Cost}}{\text{Total Projected Level of Activity for the Budget Period}}$$

The following is an example of calculating an annual billing rate, including a sample depreciation schedule.

B. General Rate Calculation for Each Service or Product

The formula used for calculating the rate for each service or product is as follows:

$$\text{Annual Rate} = \frac{\text{Annual Costs}}{\text{Total Annual Usage}}$$

Calculation of Billing Rate for (Insert Service Center Name)						
for the Twelve Months Ending June 30 2017						
<b>Expenses</b>						
	<b>Personnel</b>					
			<b>Salary &amp; Wages</b>	<b>Fringe Benefits</b>	<b>Total Compensation</b>	
		Position 1	\$ 25,000.00	\$ 5,000.00	\$ 30,000.00	
		Position 2	24,000.00	\$ 4,800.00	\$ 28,800.00	
		Position 3	41,000.00	\$ 8,200.00	\$ 49,200.00	
		Position 4	30,000.00	\$ 6,000.00	\$ 36,000.00	
		<b>Total Personnel Expenses</b>			<b>\$ 144,000.00</b>	
		<b>Other Operating Expenses</b>				
		Supplies			\$ 12,000.00	
		Office Rent & Maintenance			4,000.00	
		Printing & Publication Services			1,000.00	
		Equipment Repairs & Services			3,000.00	
		<b>Total Other Operating Expenses</b>			<b>\$ 20,000.00</b>	
		Equipment Depreciation			\$ 2,900.00	
		<b>Total Equipment Depreciation</b>			<b>\$ 2,900.00</b>	
		<b>Total Estimated Expenses</b>			<b>\$ 166,900.00</b>	
		<b>Estimated Fund Balance</b>				
		Projected Costs x 60 Days/365 Days		\$ 27,435.62		
		Less Estimated Balance at 6/30/2016		30,000.00		
			Surplus to Deduct		\$ (2,564.38)	
		<b>Total Estimated Costs</b>			<b>\$ 164,335.62</b>	
		Hours billed to Users			10,000	
		<b>Hourly Rate (Price)</b>			<b>\$ 16.43</b>	

**Calculation of Equipment Depreciation in Billing Rate per Unit**

Description of Equipment in Use	Month/Year Purchased	Cost	Estimated Life	Depreciation Exp Ends	Depreciation Allowable
Lap-top Computer	June-2011	\$2,400	6	June-2017	\$400
Copy Machine	June-2007	25,000	10	June-2017	2,500
Copy Machine	June-2012	6,000	5	June-2017	0
<b>TOTAL</b>					<b>\$2,900</b>