

College of Textiles Service Center Policy - Revised on December 15, 2012

To help provide guidance and consistent adherence to federal and University rules governing

Service Centers, the following procedures/guidelines have been developed and approved by the Dean's Council:

- A Service Center, which includes recharge centers and specialized service facilities, is a
 - University facility organized to provide goods and/or services to (1) external sponsors, or (2) other University departments/units. The costs of these goods and/or services are charged directly to external users based on established billing rates (i.e. facility use rates) and actual usage of services/assets. Service Center charges, that are technical in nature, should be budgeted and charged to account code 4998 when billed to the Contract and Grant (C&G) project ID number that begins with a 5.
- Federal and Federal flow-through clients are required to receive the lowest facility use rate. In order to demonstrate this, any service center that charges Federal and Federal flow-through clients must have a Use Rate that has been approved by the Office of Contracts and Grants. C&G rates are only required if the lab plans to charge Ledger 5 C&G accounts.
 - If another external customer receives the service for free or for a reduced rate, then all clients described above must receive the service for free or a reduced rate.
 - If you charge less than the approved C&G rate to an external user, the College must inform the Office of Contract and Grants and we must charge that same reduced rate for all other contracts and grants. If you decide to increase a rate, we must also inform C&G.
 - The C&G use rate cannot be higher than the calculated rate established.
- IF a Service Center Lab DOES HAVE an approved C&G rate, then instruction classes must be charged that C&G rate to use the equipment in the Service Center.
 - **The charges are to be offset by the State contributions to the lab. For example, Labs that are supported wholly or in part by State appropriated funds for salaries, equipment, etc. For instructional classes, these labs can charge out of pocket expenses and those expenses not covered by State appropriated funds.**

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- Labs that do not receive State appropriated support, must charge the C&G rate. These rates can be waived only if the expenses are covered by other sources.
- If the Service Center Lab does NOT have an approved C&G rate, classes will NOT be charged to use the equipment in that Service Center.
- The College of Textiles requires all labs which provide industry services to have an established industry rate approved by the College. Only labs with established facility use rates will be allowed to have an upper-half ledger 3 lab project. Labs cannot charge a fee unless there is an established facility use rate.
- You must calculate a separate rate for each service provided. You may not combine rates.
 - If you have separate rates calculated, you must prorate all similar costs, e.g., effort, supplies, repairs, and equipment depreciation.
 - If you are prorating a percentage of equipment depreciation in your use rate, you must prorate all other costs associated with that equipment operation.
 - You must prorate any square footage allocation based on the percentage of time being used for the project or each service rather than the percentage of the space being used.
 - To use equipment in a Service Center that was purchased as part of a contract or grant project, the grant must be completed and you must follow A-110 guidelines prior to using the equipment for services to others. Equipment depreciation from equipment that was purchased from Federal / Federal Flow thru C&G projects is never allowed on the rate form.
 - If you charge actual costs for an item, you must bill for those costs separately, have invoices for audit back-up, and cannot include those actual costs in another rate calculation.
 - Your upper-half ledger 3 projects must be self-supportive (cannot receive subsidies from other sources, e.g., state appropriated, federal), and all Service Center salaries/effort must be charged to the ledger 3 project. Please work with the Business Office if redistributions are needed to properly reflect the amount of effort a lab manager expends working on the Service Center.

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- You must recalculate your rate at least every two years or whenever there is a significant change in the rate charged. Please contact Mike Haskins in the Business Office if you become aware of any change in the rate that is charged.
- You MUST maintain daily logs to record all usage related to a project. In the event of a Federal audit, each service center must be able to supply records that show ALL usage (log books, etc.) and provide documentation that shows that all clients are paying the proper rates charged.
- C&G facility use rates are calculated based on expenses paid from the lab account. These include Direct Costs such as materials, supplies, repairs & maintenance, and maintenance contracts. Indirect Costs such as machine depreciation (if the machine was bought with lab account funds), building depreciation and general administration costs. Labor is also included if this person has some salary paid from the lab account.
- The machine rate per hour is the total of Direct and Indirect Costs divided by 2080 hours.
- The total Lab Hourly Fee is the total of the Machine Rate per hour plus the Labor per hour rate.

Billing or facility use rates are comprised of the following elements:

- Direct Costs:
 - Labor / Effort on the service center and associated fringe benefits
 - Supplies, Materials (used in the lab or for the service ONLY)
 - Repairs & Maintenance, and Maintenance Contracts
- Indirect Costs
 - Equipment / Machine Depreciation - Equipment is capitalized at \$5,000; different types of equipment have different useful lives.
 - - Can be calculated in the C&G rate only if paid from sources other than State and Federal
 - ETF, State appropriate funds, Federal funds etc., cannot be counted
- Building Depreciation
 - Based on the calculated/footprint of machine as well as other areas required for the activity – for example, staging areas, etc.
- Utilities:
 - Electricity, gas, water, etc.

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- General Administration
 - A separate account (admin account) can be set up in the department to deposit overhead collected from the department's various service center accounts.

Based on the above elements, the billing rates below can be calculated.

1. Contracts and Grants (C&G) rate:
 - a. This is used to bill a federal research project or those who are pass-through funds having a project ID number that begins with a 5.
2. Industry (External) rate:
 - a. This rate is used to bill external clients other than those identified under C&G rate
3. College of Textiles Internal/Instruction rate:
 - a. This rate is the rate used in calculating the C&G rate minus the State Appropriated contributions.
 - b. If the lab does not receive any State contributions, this rate will be the same as the C&G rate.