Service Centers and Recharge Centers

Executive Summary

In carrying out its missions, the University, through its various schools, departments and central units, has created a number of operational units whose primary purpose is to provide one or more services to University users, and, to a limited extent, to outside users as well. The services that are provided range from large and highly specialized facilities (referred to in OMB Circular A-21 as a Specialized Service Facilities) (a "Service Center") to operational units that provide departmental support functions (a "Recharge Center"). These Centers charge out the cost of the goods and/or services that they provide directly to the users, including users supported by sponsored projects.

Consistent with OMB Circular A-21, this Policy sets forth specific requirements that these Centers must follow in calculating and charging out the unit costs associated with the goods and/or services provided, and for adjusting as necessary their billing rates on a periodic basis to insure that the costs recovered do not exceed the actual cost of the goods and/or services over a long-term period.

It should be noted that while this Policy is now being formally published in the Administrative Policy Library, the underlying provisions of the policy have been in effect for many years.

Reason(s) for the Policy

To set forth the requirements which each Service Center and Recharge Center must comply with in charging out goods and/or services to the various users, and in particular, to insure that such charges to sponsored projects are appropriate and equitable.

Primary Guidance to Which This Policy Responds

OMB Circular A-21, including section 1.47.

Responsible University Offices and Officers

Office of the Controller

Jim Kemp, Associate Vice President, Research Financial Operations

Contacts

Carl Sparano, Director, RPIC (cs16@columbia.edu) (212) 854-1049

Revision History
Who is Governed by this Policy

Faculty and staff who are responsible for operating Service Centers and Recharge Centers, and in particular, those individuals who are responsible for setting the unit rates charged by those Centers.

Who Should Know this Policy

1. All persons governed by this Policy [see above]
2. Principal Investigators
3. Departmental Administrators and other departmental staff
4. Deans and Department Chairs
5. Office of Research Administration staff
6. Clinical Trials Office staff
7. Office of the Controller staff

Exclusions and Special Situations

Not applicable

Policy Text

In charging out to users the cost of goods and/or services they provide, Service Centers and Recharge Centers are required to comply with certain requirements that are set forth in the text that follows.

Examples of Recharge Centers are departmental stockrooms, printing and copying centers, machine and instrumentation shops, DNA sequencing facilities and other scientific equipment and telecommunications and computing services.

At the present time, The Institute for Comparative Medicine is the only operation at Columbia that is deemed to be a Service Center.

The requirements for both Service Centers and Recharge Centers are the same, except that Recharge Centers are prohibited from including in their unit costs any expense that is not directly incurred by the Recharge Center itself. For example, a Recharge Center may not include in its billing rate the cost of space that it occupies or an assessment for general overhead. Further, Recharge Centers whose goods or services are administrative or clerical in nature may not charge
those goods or services to sponsored projects unless they meet the specific requirements set forth in the University's policies on charging clerical and administrative costs to sponsored projects, which may be accessed through the link on the left.

Service Centers and Recharge Centers must adhere to the following requirements identified in OMB Circular A-21: Cost Principles for Educational Institutions:

- Charges must be designed to recover no more than the total cost of the service over a long-term period.
- Rates must be reviewed periodically for consistency with a long-term cost recovery plan and must be adjusted if necessary.
- Alternative costing arrangements may be negotiated with a federal agency where it is in the best interest of both the government and the institution.
- Billing rates charged directly to users must be based on the actual use of the services.
- A schedule of rates must be established that does not discriminate between federally and non-federally supported users (internal and external) in a way that causes federally supported projects to subsidize other projects.

In addition, Service Centers and Recharge Centers must comply with the following Federal Cost Accounting Standards:

- **CAS 501** - Costs budgeted in proposals must be reconcilable to actual charges in ARC.
- **CAS 502** - Costs must be charged consistently, and the rate development process must be consistently applied.
- **CAS 505** - Rates charged must exclude unallowable costs, and must relate to the actual cost of providing services to all users, regardless of their funding sources.
- **CAS 506** - Rates should be established based on the University's fiscal year, unless there are legitimate reasons for using an alternative period.

In calculating unit rates for Recharge Centers, only those costs that are charged to the Center itself may be included (however, Service Centers are permitted to include space occupancy and certain other costs which are not directly charged to their operations, and the Controller's Office works closely with the Institute of Comparative Medicine in providing necessary guidance). Examples of permissible costs are:

- Salaries of personnel providing the service itself, and administrative staff supporting that function
- Supplies, repairs, service contracts and similar costs
- Depreciation expense of equipment which has been charged to the Center (and not the cost of the equipment itself)

The University requires that all Service Centers and Recharge Centers be "licensed" by the Office of the Controller if they are charging sponsored projects. In order to be "licensed", each Service Center and Recharge Center is required to provide an overview of the service that it is providing, as well as documentation supporting the calculation of the unit-of-service rate(s) that
it will be using in charging its services to users. This information should be provided to Carl Sparano, Director RPIC. The "license" is issued for a one year period, renewable annually.

In charging out services to users, the invoice should include to the extent possible descriptive information that is sufficient to permit the reviewer of the charge to determine whether the charge is consistent with the goods and/or services provided.

**Cross References to Related Policies**

Charging Administration & Clerical Salaries, Federal Grants & Contracts

Columbia University Policy on Charging Office Supplies & other Administrative Expenses (other than Salaries) to Federal Awards (92-4)