Service Centers and Recharge Centers

Latest Revision: February 19, 2013

Policy Statement
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 include large and highly specialized facilities (referred to in the Office of Management and Budget (OMB) Circular A-21 as a Specialized Service Facilities or SSFs), service centers, which are created for providing a service, group of services or products to users, and operational units that provide departmental support functions (a "Recharge Center"). These University Service Centers (referred to herein as “Service/Recharge 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 service/recharge 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/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 J.47.

Responsible University Offices and Officers
Office of the Controller
Jim Kemp, Associate Vice President, Research Financial Operations

Contacts
Shabaki Lambert, Director, Research Policy & Indirect Cost (sl3139@columbia.edu) (212) 854-1050.

Revision History
Previous version dated July 9, 2012

Who is Governed by this Policy
Faculty and staff who are responsible for operating service/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 (or equivalent for non-academic departments)
5. Sponsored Projects Administration staff
6. Sponsored Projects Finance staff
7. Clinical Trials Office staff
8. 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/recharge centers are required to comply with certain requirements that are set forth in the text that follows. Examples of service/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 of Comparative Medicine (ICM) is the only operation at Columbia that is deemed to be a specialized service facility.

The requirements for service/recharge centers are the same. Service/recharge centers are prohibited from including in their unit costs any expense that is not directly incurred by the center itself. For example, service/recharge center may not include in its billing rate the cost of space that it occupies or an assessment for general overhead. The only exception to this guidance is specialized service facilities, which may include the overhead costs in the calculation of the user rates. Further, service/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/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 in a way that causes Federally supported projects to subsidize other projects.
In addition, service/recharge centers must comply with the following Federal Cost Accounting Standards:

- **CAS 501** - Costs budgeted in proposals must be reconcilable to actual charges in the financial system of record.
- **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 service/recharge centers that are not specialized service facilities, only those costs that are charged to the center itself may be included (however, SSFs 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 (and not the cost of the equipment itself)

The University requires that service/recharge centers’ rates be reviewed and approved and that service centers with annual charges => $25,000 be "licensed" by the Office of the Controller if they are charging sponsored projects. In order to be "licensed", each service/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 Shabaki Lambert, Director RP&IC. The "license" is issued for a one-year period, renewable annually.

**Cross References to Related Policies**

- Service Center/Recharge Center Procedure Manual
- 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)

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