University of Colorado Denver

Service Center Training

March 10, 2011
Service Centers

- Service Center Policy
  - Federal Requirement
  - Set a fair rate
  - Breakeven
  - Not for profit
COST STUDY
Step 1: Inputs

• Labor
• Operating Costs
• Overhead Costs—GAR & GIR
• Capital Equipment—Depreciation
• Reserve
COST STUDY
Step 2: Organize

• Labor
  – % of effort in Service Center
  – Billable hours
    • Type of employees—FT, PT, hourly
    • Time shrinkage
  – Grant subsidy

• Operating Costs
  – Identify costs to specific product/test

• Capital Equipment
  – PO # or Tag #
COST STUDY
Step 3: Enter Data in Model

- Select template model
- Allocate costs appropriately.
- Calculate rate for various services.
Other Issues

- Variability in rates
- Grant Subsidy
- Recordkeeping
- Reserve
Timelines

• Budget FY2012 -- On-line Budget Entry
  Deadline -- May 31, 2011

• Cost Study FY2012 -- Submit between
  March 1 and April 30, 2011
  – Service Centers with Revenue > $20k only.
  – Submit electronically to:
    Grace.Reed@ucdenver.edu
Appendix Info

– Policy Summary
– Billing Rates
– Revenue/Revenue Codes
– A/R for external sales
-- Policy & templates
<table>
<thead>
<tr>
<th></th>
<th>Annual Sales &gt;= $20,000</th>
<th>Annual Sales &lt; $20,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Review of Rates</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Cash Deficit Allowed</td>
<td>Start-up Only</td>
<td>Start-up Only</td>
</tr>
<tr>
<td>Cost Study Required</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Comprehensive Finance Review</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Equipment Expense</td>
<td>Fund 72 Only</td>
<td>Fund 72 Only</td>
</tr>
<tr>
<td>Exclude Unallowables from Rates to Internal Customers</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Net Asset Limitation</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Published Rates Schedule</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Billing Rates

• Rates must be based on actual and reasonable costs and not rate structures of external businesses.
• Rates for internal sales must provide recovery only for allowable costs.
• Rates for external customers can be higher than rates for internal customers but never lower.
• Rates must be:
  – predetermined based on a cost study
  – published
  – stated in measurable units of goods or services
  – reviewed and adjusted at least annually to minimize surpluses or deficits.
  – non-discriminatory billing between fed & non-fed funded activities.
Revenue Account Codes

• Internal Sales
  – Use account code 380100 (Service Center IN Revenue)
  – Sales to UPI
    • Use account code 335003 (Sales to UPI)

• External Sales
  – Use account code
    • 325100 (Miscellaneous Income)
    • 325106 (Sales to Gov Agency)
    • 325200 (ISU Sales to other Colo agency)
    • 325300 (ISU Sales to Public)
    • 325108 (Sales to Business)
Accounts Receivable

• Credit worthiness of client
• Record outstanding revenue at end of the month
  – Via JE
  – Account codes:
    • Debit #013100-AR Miscellaneous
    • Credit #325100-Misc Revenue Operating

• Watch age of receivable
  – 30 days past due
  – 60-days past due

• Cut-off services
Finding ISU Policy & Template

Office of Policy and Fiscal Analysis Website:

http://www.ucdenver.edu/opfa

@ UCD website

- Faculty/Staff
- General Resources: Sites: Policies and Guidelines
- Filter by Fiscal/Finance Category; Finance & Administration Department; AMC & DC Campus Policy

http://ucdenver.edu/faculty_staff/employees/policies/Pages/default.aspx

Scroll down: Internal Service Centers & Core Lab Policy

-- Exhibit B -- Guidelines -- How to do a Cost Study
-- Exhibit C -- Template
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