

SERVICE CENTERS

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A service center is a

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A reasonable, established period of time in which revenues and/or credits are expected to match expenses, usually a fiscal year. For break-even purposes, 2 CFR Part 200.468 requires that billing rates for specialized service facilities be adjusted at least biennially and take into consideration over/under applied costs of the previous period(s).

The amount of surplus or deficit carried into the succeeding year. Carry-forward amounts are included as adjustments to billing rates.

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4. Billings

Same as Recharge Units and Service Facilities.

Costs and revenues should be segregated into cost centers for each service that is provided. Depending on the type of service center, there may be as many as three categories of cost that need to

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If a service center sells products and has a significant amount of stock on hand, inventory records must be maintained. A formal inventory account is necessary if the value of the inventory exceeds \$50,000 at any given point in time. A physical inventory should be taken annually and reconciled to the inventory account. Inventory valuations may be based on any generally recognized inventory valuation method, e.g., first-in-first-out, last-in-first-out, average cost, etc.

In some instances, the ODU/ODURF, or a school or department, may elect to subsidize a service center either by charging billing rates lower than actual costs or by not making adjustments to future billing rates at year-end for deficits. Service center deficits caused by intentional subsidies cannot be carried forward as adjustments to future billing rates. Since subsidies can result in a loss of funds to ODU/ODURF, they should be provided only when there is sound programmatic rationale and with the approval of the Dean, Department Chair and Vice-President of Research. Any subsidies will be identified as a separate item in the billing rate schedule provided to ODURF.

Long-term break-even agreements may be established for service centers in unique situations where they require multiple years to recover or spread out their operating costs. This kind of situation might occur where initial capital outlays are large or when large volume fluctuations are expected. Such agreements

Appendix B Service Center Form

<http://www.researchfoundation.odu.edu/>

For more information on this policy, please contact Casey Golliver, ODURF Director of Finance at 757-683-7211.

[2 CFR Part 200](#)

Appendix A Sample Rate Calculations
Appendix B Service Center Form

Old Dominion University Research Foundation Board of Trustees

Origination Date: March 31, 2007
Effective Date: March 31, 2007
Revision Date: June 1, 2016 (Uniform Guidance effective December 26, 2014)

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Total Operating Costs and Service Center Support Costs \$35,750

3. Calculation of Cost of Goods Sold

Chemicals	\$100,000
Supplies	50,000
Glassware	<u>31,250</u>
Total Cost of Goods Sold	\$181,250

4. Calculation of Administrative Charge

$$\frac{\text{Direct Operating Costs} + \text{Service Center Support Costs}}{\text{Cost of Goods Sold}} = \frac{\$35,750}{\$181,250} = .1972$$

5. Example of Total Charge for Good Sold

Cost of Goods Sold	\$10.00
Administrative Charge \$10.00 x .1972	<u>1.97</u>
Total	\$11.97

Assumptions:

Total Operating Costs and Service Center Support Costs: \$200,000

Annual Rate of Usage: 20,000 Units

Cost per Unit Usage: \$10 (\$200,000/20,000)

The Cost per Unit to All Users, whether Internal or External: \$10

Example 1: The grantee institution does not receive subsidized support for the facility from any source.

The schedule of rates is:

Internal Users	\$10 cost per unit usage
External Users	\$10 cost per unit usage

The schedule of rates is:

Cancer Center Member	Federally sponsored	\$10 cost per unit usage \$5 subsidized by the NCI P30 \$5 charged to the user
Cancer Center Member	Non-federally sponsored	\$10 charged to the user
Other Internal Users		\$10 charged to the user
External Users		\$10 charged to the user

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Example 3: The facility receives \$100,000 to support the facility from the NCI under the P30 and \$50,000 to support the facility from the National Institute of Environmental Health Sciences (NIEHS) under an Environmental Center Support Grant (P30). The \$100,000 from the NCI will be used to subsidize \$5 of the \$10 unit usage rate incurred by cancer center members for federally sponsored research projects. The \$50,000 from the NIEHS will be used to subsidize \$2.50 (\$50,000/\$200,000 x \$10) of the \$10 unit usage rate incurred by the environmental career members for federally sponsored research projects.

The schedule of rates is:

Cancer Center Member	Federally sponsored	\$10 cost per unit usage \$5 subsidized by the NCI P30 \$5 charged to the user
Cancer Center Member	Non-federally sponsored	\$10 charged to the user
Environmental Center Member	Federally sponsored	\$10 cost per unit usage \$2.50 subsidized by the NIEHS \$7.50 charged to the user
Environ. Center Member	Non-federally sponsored	\$10 charged to the user
Other Internal Users		\$10 charged to the user
External Users		\$10 charged to the user

Example 4: The facility receives \$100,000 to support the facility from the NCI under the P30 and \$50,000 to support the facility from the NIEHS P30 and \$50,000 to support the facility from institutional funds. The \$100,000 from the NCI will be used to subsidize \$5 of the \$10 unit usage rate incurred by cancer center members for federally sponsored research projects. The \$50,000 from the NIEHS will be used to subsidize \$2.50 of the \$10 unit usage rate incurred by the NIEHS center members for federally sponsored research projects. The \$50,000 from the institution will be used to subsidize \$2.50 (\$50,000/\$200,000 x \$10) of the \$10 unit usage rate incurred by all institutional users.

The schedule of rates is:

Cancer Center Member	Federally sponsored	\$10 cost per unit usage \$5 subsidized by the NCI P30 \$2.50 subsidized by the institution \$2.50 charged to the user
Cancer Center Member	Non-federally sponsored	\$10 cost per unit usage \$2.50 subsidized by the institution \$7.50 charged to the user
Environmental Center Member	Federally sponsored	\$10 cost per unit usage \$2.50 subsidized by the NIEHS \$2.50 subsidized by the institution \$5.00 charged to the user
Environ. Center Member	Non-federally sponsored	\$10 cost per unit usage \$2.50 subsidized by the institution \$7.50 charged to the user

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Other Internal Users

\$10 cost per unit usage
\$2.50 subsidized by the institution
\$7.50 charged to the user

External Users

\$10 charged to the user

Source: National Cancer Institute