

## SERVICE CENTERS USE RATE FREQUENTLY ASKED QUESTIONS

**SPACE ALLOCATION** – Square footage of a room needs to be allocated based on the time that each activity (IE: Service center, Instruction, separate Research) or service uses the space. You cannot allocate more than 100% of the room square footage if you have more than one service. Example: Room # 1 is 100 square feet and you have 5 service center rates. The total square footage that is allocated across all 5 rates cannot be greater than 100 square feet.

**SERVICE CTR. F&A VS SPONSORED PROJECT F&A** – The F&A (indirect costs) built into the service center rates is based on a rate development (University F&A proposal) that allocates the space and dollars of a service center in order to arrive at an F&A rate. A separate rate is developed for Sponsored ledger 5 projects. There is no double dipping, because there is a separate rate developed for each function IE: (Service Center, Research) based on the space and the dollars of that function.

### **Basic Considerations / University Guidelines / Self Supportive Ledger 3 projects – SL 3-7xxxx:**

1. Service Center Projects should be used to account for the expenditures and revenues of the service center only. These projects are not to be used for purposes that do not relate to the service center.
2. Funds should not be transferred in or out of the project for unrelated purposes
3. Self Supportive Project ID's – 2<sup>nd</sup> half ledger 3 accounts
  - a. All Direct (technical) effort for the service center must be indicated on the rate form and paid from the service center project.
  - b. Cash balance carries forward at close of fiscal year
  - c. Cannot receive any subsidy from other accounts to run the operation.

### **Equipment:**

1. Equipment cannot be paid by another project and then used as depreciation in the rate form for a self-supportive service center. *3/21/2006 – Exceptions to this rule are ledger 6,7 and limited non-federal equipment in which the project has termed, in most cases, but depreciation is still left on the equipment. Equipment paid from other funds (non federal) can be used on a lower half ledger 3 or ledger 4 (non self-supportive project), providing there are no compliance issues. (This is also a university guideline)*

### **C&G GUIDELINES / USE RATE DEVELOPMENT:** (more guidelines can be found on the C&G website at:

[http://www.fis.ncsu.edu/CNG/service\\_center/](http://www.fis.ncsu.edu/CNG/service_center/)

1. Please indicate the building and room where the service center is located and enter the percent of the room that is being occupied by the service center activity. Base this percent on the percentage of time the activity takes place in the room. When possible, also indicate the other activities and percentage of each, if any. IE: separate research, instruction, etc. (this information is critical for the F&A proposal)
2. Please enter all the direct cost of the service center on the rate form. Direct cost salaries are those that are normally technical in nature. ***Tip: you cannot normally include costs like admin salaries, office supplies, postage, freight, etc. as a direct cost in your rate form. These are F&A costs and should be paid from the funds generated from your F&A revenues.***
3. Current Service Center Fringe Benefit Rates can be found on our website referenced above.

4. Rates cannot be back- dated. The use rate will be approved effective on the date approved by the office of Contracts and Grants.
5. You are not required to calculate all the F&A costs, but if you are a self supportive service center you may need them to pay for those routine F&A costs: IE: Admin Salaries, office supplies, etc.
6. If you pay rent on Centennial Campus (only on those buildings owned by the university), and the space that is used is part of the service center, you can use the F&A costs that are calculated to help pay for the rent on that portion of the service center space only. **This type of “rent” is not a direct cost.**
7. Equipment Depreciation – Equipment depreciation, regardless of type of project, must be net of any Federal Funds. You must have a valid CAMS id number, in order to include depreciation in your rate form. Please contact CAMS if you do not have a CAMS id number. If you have a valid CAMS number, then contact your CAMS coordinator for the information or contact me. (follow other equipment guidelines above for your self supportive service center)

Depreciation expense should be recorded for equipment used to perform the service center activity. Depreciation can NOT be charged for equipment purchased from state or federal funds.

- a. If during the life of the service center the equipment becomes fully depreciated, we can only charge the users for labor and maintenance. If we do not have records on maintenance or don't know what this may be, the amount should be based on 5 – 10% of the value of the equipment.
  - b. If the equipment is fully depreciated when we start the service center, an admin fee should be charged equal to 10% of the value of the equipment. This amount will be used to pay for repairs, maintenance, etc.
  - c. If you are only using a percentage of an equipment's depreciation, based on the time that you use the equipment for the service that you are providing, you must prorate ALL OTHER Costs associated with the operation of that equipment.
- 8. Building Depreciation – Costs for Current Yr. Building Depreciation and Total Square feet occupied can be found in tables located on NCSU website referred above. If your building was paid with federal funds you cannot use this calculation. You must determine the square footage that your service center occupies, which is based on the percentage you indicate that your room uses, at the top of the form. *(please note that the Current Year Building Depreciation figures are updated and posted on website above every year at the end of August once the previous fiscal year has been reconciled and closed)***
9. At a minimum an Annual review of your cash balance and financial operations is required.
  10. If we do not have a Contract and Grate (C&G) rate, we cannot charge an internal (teaching/education) rate (except to be reimbursement of expenses).

Please remember that your federal/ federal flow through C&G(ledger 5 users) must always get the lowest rate. You may charge a higher rate to outside users and non C&G projects as long as your are in compliance with other University guidelines. When you develop your rate you may charge lower than the approved rate to your C&G(ledger 5) users as long as you are consistent in charging that same low rate to all your C&G users.

**Contracts and Grants Responsibilities:**

*The Office of Contracts and Grants is responsible for reviewing and approving use rates for service centers that anticipate charging Contract and Grant accounts (Ledger 5 accounts). The Budget Office and University Accounting should be contacted for additional requirements for service centers, and for information for service centers that do not charge ledger 5 accounts.*

Contract and Grant Contact for Service Centers:

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