Year-To-Date (YTD) Revenues, less YTD Expense, plus or minus the prior year balance carryforward (PYB) equals the service center’s Net Balance.

The +/-15% for academic centers or +/-5% for administrative centers breakeven calculation equals the Net Balance, divided by the YTD expense plus or minus the prior year balance carryforward (PYB).

\[
\begin{align*}
\text{Net Balance} &= \frac{\text{YTD Revenues} - \text{YTD Expense} \pm \text{PYB}}{\text{YTD Expense} \pm \text{PYB}} \\
\text{Breakeven} \% &= \frac{\text{Net Balance}}{\text{YTD Expense} \pm \text{PYB}} 
\end{align*}
\]

Examples for an Administrative Service Center with a +/- 5% Breakeven

1. An administrative service center's first year of operation, or a prior year balance (PYB) carryforward of zero. Income equals $4,000,000, expense equals $4,150,000.

\[
\begin{align*}
\text{YTD Revenues} &= \$4,000,000 \\
\text{less YTD Expense} &= (4,150,000) \\
\text{plus or minus PYB} &= 0 \\
\text{Net Balance} &= \$(-150,000) \quad \text{loss/under-recovery} \\
\text{Breakeven} \% &= \frac{(-150,000)}{4,150,000} \quad (3.61\%) \text{under-recovered} \\
\text{net Balance} &= \$4,150,000 
\end{align*}
\]

The service center is within +/-5%. No action is necessary.

2. Next year: same service center, same revenues and expense.

\[
\begin{align*}
\text{YTD Revenues} &= \$4,000,000 \\
\text{less YTD Expense} &= (4,150,000) \\
\text{plus or minus PYB} &= (150,000) \\
\text{Net Balance} &= \$(-300,000) \quad \text{loss/under-recovery} \\
\text{Breakeven} \% &= \frac{(-300,000)}{4,300,000} \quad (6.98\%) \text{under-recovered} \\
\text{Net Balance} &= \$4,300,000 
\end{align*}
\]

The administrative service center will probably choose to offset the $300,000 loss with unrestricted departmental funds rather than charge all users a prorated portion of the loss.
3. Administrative service center PYB was an overrecovery of $75,000 instead of the $150,000 underrecovery PYB in Example 2. Revenue and expense are unchanged.

\[
\begin{align*}
\text{YTD Revenues} &= 4,000,000 \\
\text{less YTD Expense} &= (4,150,000) \\
\text{plus or minus PYB} &= 75,000
\end{align*}
\]

Net Balance = $ (75,000) loss/under-recovery

Breakeven % = (1.84%) under-recovered

$ 4,075,000

The service center is within +/-5%. No action is necessary.

4. Service center overrecovery, within breakeven:

\[
\begin{align*}
\text{YTD Revenues} &= 4,000,000 \\
\text{less YTD Expense} &= (4,150,000) \\
\text{plus or minus PYB} &= 175,000
\end{align*}
\]

Net Balance = $ 25,000 gain/over-recovery

Breakeven % = 0.63% over-recovered

$ 3,975,000

The administrative service center is within +/-5%. No action is necessary.

5. Administrative service center overrecovery, outside breakeven:

\[
\begin{align*}
\text{YTD Revenues} &= 4,000,000 \\
\text{less YTD Expense} &= (4,150,000) \\
\text{plus or minus PYB} &= 380,000
\end{align*}
\]

Net Balance = $ 230,000 gain/over-recovery

Breakeven % = 6.1% over-recovered

$ 3,770,000

The entire overrecovery, $230,000, would have to be refunded proportionately among the service center's users. Since administrative centers generally have hundreds of accounts, they are very motivated to maintain a strict watch throughout the year to avoid this extremely tedious task.
Examples for an Academic Service Center with a +/− 15% Breakeven:

1. An academic service center’s first year of operation, or a prior year balance (PYB) carryforward of zero. Income equals $300,000 expense equals $270,000.

   YTD Revenues = $ 300,000
   less YTD Expense = (270,000)
   plus or minus PYB = 0

   Net Balance = $ 30,000 gain/over-recovery

   Breakeven % = 30,000 11.1% over-recovered
   $ 270,000

   The service center is within +/− 15%. No action is necessary.

2. Next year: same service center, same revenues and expense.

   YTD Revenues = $ 300,000
   less YTD Expense = (270,000)
   plus or minus PYB = 30,000

   Net Balance = $ 60,000 gain/over-recovery

   Breakeven % = 60,000 25.0% over-recovered
   $ 240,000

   The academic service center will have to refund the $60,000 gain proportionately to all users.

3. Or next year: same service center, same revenues but an increase in expense.

   YTD Revenues = $ 300,000
   less YTD Expense = (400,000)
   plus or minus PYB = 30,000

   Net Balance = $( 70,000) loss/under-recovery

   Breakeven % = (70,000) (18.92%) under-recovered
   $ 370,000

   The academic service center will have to charge the $70,000 loss proportionately to all users or subsidize the loss from a departmental gift or unrestricted fund.