

NEXT FISCAL YEAR SERVICE CENTER BUDGETS AND PROPOSED RATES

RAPC / CMA BUDGET REVIEW AND RATE(S) APPROVAL

Per University policy, service center budgets should be reviewed, and service center rates approved by RAPC/CMA before they are put into use. Even if your service center's rates are not projected to change from those approved and used in the current fiscal year, a budget for the forthcoming fiscal year, with detailed expense and service center rate calculations must be submitted to RAPC/CMA.

If the budget/rates are not approved by RAPC/CMA and allocation journals are posted with the unapproved rates, those journals will need to be reversed and new allocation journals with approved rates will to be generated and submitted.

For budgets submitted in August or early September, please remember to include an estimate of the current fiscal year's net year-end balance (if you are projecting your service center to be within +/- 5% or +/- 15% breakeven at FYE). If your budget and rates are submitted in mid-September or later, the actual prior FY's net balance amount should be included in your budget and rate calculations.

SERVICE CENTER BUDGETS AND RATES

Budgeted service center expense should include the total operating costs of the center, consistent with the practices described in the Service Center Policies. If you plan on subsidizing your service center's operations, please see the discussion of subsidies below.

The reasons for significant changes in budgeted costs from the previous year's budget or actuals should be described in the budget package.

Even if some rates/services are used infrequently, all rates used (charged out) by the service center should be disclosed in the budget and rates package. Rate calculations and assumptions for your services (e.g., volume estimates) should also be provided.

SUBSIDIES

Operating Subsidies Per OMB's Uniform Guidance and the Cost Accounting Standards (CAS) applicable to Stanford, subsidies of service center operations, both planned and unplanned, must be accounted for in University F&A (indirect cost) rate calculations. In order to clearly identify subsidies, your service center budgeted expense should reflect the full cost of providing its service(s).

If you plan to subsidize a center's operations, please identify in your budget any subsidies of either operating or equipment expense which you anticipate using to augment your center's income and/or reduce its operating expense.

Anticipated subsidies can be identified "up front," by developing a fully costed budget and rate(s), then applying a "discount" factor to arrive at the desired, subsidized rate(s) to be charged to users.

Service center subsidies are also identified at FYE, if department funds must be used to fund service center losses resulting in a greater than 5% or 15% breakeven position. The yearend service center subsidy will need to clear the entire loss amount, not just the over 15% portion of the loss.

Equipment Subsidies Another form of subsidy occurs when equipment being used or purchased for use within a service center is not depreciated (charged) to the service center. That equipment's cost is not being borne by the service center's users, and it should not be borne by other University users (especially Organized Research users). Such equipment must be identified in the Sunflower Asset Program as "service center equipment," so that it will not be included in the University's F&A rate calculations.

Like equipment being depreciated to a service center, subsidized service center equipment must be identified with the department's org code and unique service center code. Please work closely with your Department Property Administrator (DPA) to properly identify all equipment used in your service center. Please document subsidized equipment purchases in your annual service center budget submission.

EXTERNAL USERS

External users of service centers must be identified and properly treated in the accounting system. "External" users can also be "associated" or "affiliated" organizations, such as the Stanford Hospital and Clinics or the Howard Hughes Medical Institute (HHMI) on campus, or other entities such as private, for-profit companies or other universities. Services provided to such users are usually charged to an Award in the range AUxxx opened by SRM or ATxxx opened several years ago by Misc Rec. External users also include any cash/wire transfer sales.

For the external users, as defined by the University Tax Director, there is a maximum limit based on 15% of total revenue. Specific types of external users are exempt from the 15% limit, refer to the External Users chapter in the Service Center Policies for more information. Please refer to Exhibit C for direction on External User payments/allocations. You will need to contact the University Tax Director if you have further questions.

If your service center has external users, they should be identified in your annual budget submission. Please provide their specific services with their forecasted volume.

If you have any further questions, please contact your RAPC/CMA service center analyst.