

Research Service Center Primer

(So, you want to start a recharge)

Definition and Purpose

Research service center recharge facilities exist to fill the need on campus for highly specialized equipment or services which would normally be beyond the financial reach or full time need of an individual lab, yet are very advantageous to multiple labs to have easy and affordable access in order to pursue cutting edge research.

There should be a demonstrated demand for the service or product coming from more than the home department or unit, with the majority of users internal to the university. There should also be the expectation of a significant volume of activity in both dollar amount and number of transactions. In addition, the product or service should be available on a regular and ongoing basis, on a first-come first-served basis. There are other options for facilities that do not fit into this category, please check with the Office of Sponsored Research (OSR) for information.

Recharge service centers are cost recovery systems designed to recover the actual direct cost of providing each service. There are criteria which must be met to determine whether or not the operation conforms to the definition of a recharge service center. Some characteristics of a recharge operation are:

- Output is measured in a quantitative basis which can be readily determined
- Costs associated with the activity are separately accounted for and charged to users in proportion to services or goods provided on a regular basis
- Periodic billing, best practice is monthly invoicing

Federal costing guidelines apply to the rates charged for service. Because much of the research conducted at the university is funded by federal grants, compliance with the cost principles outlined in Federal OMB Uniform Guidance falls to the OSR Cost Analysis and Compliance section. Some key compliance issues include:

- Rates should recover no more than the cost of the goods or service
- Rates do not discriminate between users
- 'Surplus' from recharge centers should not be used to fund unrelated activities
- Rates may include depreciation expense only, not the full cost of the equipment

Research Service Centers may provide services to external users, though this should not normally be the focus of the facility. When setting prices for an external user, the rate should include the internal UNC breakeven rate (the actual cost of the service rendered without any subsidies) plus the current UNC negotiated organized research F & A rate. It is not allowable to discriminate between users (all users charged the same rate). When a UNC investigator pays for services from a recharge service center with federal grant funds, the F&A portion has already been collected by the University at the time of the grant award. To be compliant with the requirement that all users are charged the same rate, the F&A needs to be collected from external users on top of the UNC breakeven rate.

Process

Questions to think about:

What are the units of service or product which will be provided?

Who will be the primary users?

What resources will be required to begin recharge operations (personnel, supplies, equipment, etc.)? Will there be a need for start up funding to cover these expenses, and if so, what will be the source of those funds?

In essence, a recharge center is a small business, less the profit motive. The more you have thought through the operations of your 'business', the easier the process will be.

To create a recharge research service center, documentation must be completed and submitted to OSR Cost and Compliance.

Documentation includes a description of the proposed overall operation and each service or product to be provided by the new facility, as well as information concerning resources which will be used by the facility, funding sources, users, etc. The questions address the What, Why, Who, Where and How. Working through the documents will clarify the detailed operations of the facility and its ongoing requirements.

In addition to the text, each service or product to be offered by the facility will need to have a rate developed which includes only the actual costs associated with that particular service or product. Although you may have determined a target price, the rate must be calculated based on the total actual allowable cost of the service or product divided by the number of units expected to be provided over the course of a year, resulting in a break-even operation.

Templates for submission of required information are available to assist in this process.

Equipment

The cost of capitalized equipment (items having an original purchase price over \$5000) may be included in the rate development using an annual depreciation schedule based on its estimated useful life as determined by the University's Asset Management Office. This annual depreciation expense can be included in the rate development only if the equipment was not purchased using federal contract or grant dollars. The yearly accumulation of annual depreciation expense is tracked as a separate component of the account's fund balance and is referred to as the equipment reserve fund. The equipment reserve fund can be used towards the purchase of new equipment, subject to OSR guidelines. Due to the many restrictions and qualifications, most recharge facilities acquire equipment through equipment grants or other funds, including departmental funds, state or non federal dollars, gifts to overhead accounts.

Responsibilities

Recharge Facility directors should understand and be in compliance with University guidelines. The rates should be reviewed on an annual basis to ensure that the operation is functioning close to break-even. Surpluses or deficits are indicative of service rates set too high or low and will need to be absorbed into the rates going forward if the surplus or deficit falls outside the allowable threshold.

There should be an accurate means to track all usage of the facility, which can be matched to invoiced output. Core facility workflow documentation should include incoming orders and invoices should include detailed information so that each charge is identifiable by the customer.

Record retention should follow university guidelines.