I. PURPOSE
To provide the process for establishing service centers and recharge centers and summarize compliance responsibilities.

II. BACKGROUND
UT Fiscal Policy FI0145 - Service and Recharge Centers provides policies and guidelines for the fiscal operations of university service centers and recharge centers that will ensure compliance with sound accounting principles and government regulations. This fiscal policy addresses the establishment of service centers and recharge centers, billing rates, costing issues including equipment, limitations on sales, and compliance responsibilities.

III. DEFINITIONS
A. Service Centers: Sell goods or services primarily to university departments, on a regular, ongoing basis, for a fee that is based upon the actual cost of the goods or services. Annual operating expenditures exceed $500,000 per year. Service centers are expected to be self-supporting by generating income from multiple funding sources, including departments outside the parent department. They operate on a breakeven basis. The goal is exactly to recover the costs of the goods or services provided.

B. Recharge Centers: Similar to service centers in that they sell goods or services primarily to university departments, on a regular, ongoing basis, for a fee that is based upon the actual cost of the goods or services. Recharge centers may also sell to external customers on an incidental basis. Annual operating expenditures are less than $500,000 per year. Recharge centers may not be expected to be self-supporting and may be subsidized by their parent department. Certain recharge centers may directly transfer the actual cost of the goods or services to the user, such as copy services and postage. There is no markup involved to recover any cost other than the cost of the good or service initially provided.
C. **Breakeven:** Occurs when revenues equal expenses. The goal is to breakeven annually. However, it is permissible that rates breakeven over time.

D. **Billing rate:** A billing rate is an amount established to charge for specific goods or services. The billing rate may vary by types of customers and/or goods/services. **However, rates charged to Federal funds, either directly or indirectly, may not subsidize non-Federal users or rates in any way.** The rate shall be determined by dividing the costs of a particular good/service by the billable unit (e.g., machine hours, labor hours, quantity, etc.).

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**IV. REQUESTING THE ESTABLISHMENT OF A SERVICE OR RECHARGE CENTER**

A written request for establishing a service center or recharge center must be sent to the campus Chief Business Officer (CBO). The request must include the following information.

A. A justification for establishing the service center or recharge center including an explanation as to why other internal or external providers of these services are not being used in lieu of its being established.

B. A description of the goods or service to be offered.

C. The name and number of the affiliated department.

D. A description of the anticipated users of the goods or services, both internal and external. **Specifically, state if sponsored projects are expected to be charged.**

E. An identification of the allocable space in which the service will be provided, including all buildings and rooms.

F. The name, title, phone number and signature of the service center or recharge center manager.

G. The signature of the department head and dean indicating approval of the service center or recharge center.

H. The proposed rate or schedule of rates to be charged, including a detailed budget of operating costs to be included in the billing rate(s), a description of the institute of activity, estimated activity for the budget period, the rate calculation using budgeted amounts, and the projected level of activity for the first period of operation through the end of the fiscal year.
I. A list of the equipment with university tag numbers owned by the service center or recharge center whether or not equipment depreciation will be included in the rate.

J. A budget form detailing the budget for each new account including all positions, benefits, travel, telephone, printing, current expenses, and revenues. This is mandatory if the new center is created at a time other than the budget preparation process.

V. COMPLIANCE RESPONSIBILITIES
The CBO or his/her designee is responsible for the following:

A. Overseeing the formation of service centers and recharge centers and ensuring that appropriate cost centers/WBS elements are established in IRIS.

B. Performing a review and approval of billing rates, at least biennially.

C. Reviewing the performance of selected service centers and recharge centers at least biennially, with respect to breakeven analysis.

D. Periodic review of financial status of service centers and recharge centers with respect to budget vs. actual expenditures.

E. Approving service center and recharge center requests for interim rate changes.

F. Approving subsidization of rates by internal users.

G. Reviewing the close-out process of the annual activity and reviewing the deficit or surplus balances.