

# UConn HEALTH

**POLICY NUMBER 2002-09**

**November 8, 2016**

**POLICY: UNIVERSITY SERVICE CENTERS/RECHARGE CENTERS  
(RESEARCH/SPONSORED PROGRAMS)**

**PURPOSE:**

To establish consistent practices that ensure compliance with Federal cost principles in the establishment of service center rates and billings to Federally sponsored programs.

**Definition:**

A Service Center is defined as a department, or functional unit within a department, which provides specific technical or administrative services or products, primarily to internal departments/ centers, including sponsored research programs. Service centers charge users a fee, which is based partially on rates that have been established to recover costs. UConn Health must comply with the Federal cost principles in Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”) and the Cost Accounting Standards.

**Specialized Service Centers:** are service centers with \$1,000,000 or more in annual operating expenses. These centers provide services to a select group of users, which involve the use of highly complex or specialized facilities.

**Major Centers:** are service centers with \$100,000 to \$1,000,000 or more in annual operating expenses.

**Recharge Centers:** are service centers with between \$50,000 and \$100,000 of annual operating expenses.

**Auxiliary Units:** Auxiliaries provide services or products primarily to students, alumni, faculty, staff, and the general public rather than provide services to internal UConn Health functional units. Auxiliary units provide goods or services generally based on market rates. Auxiliary billings to internal departments and sponsored research programs are incidental to normal auxiliary operations. In the event an auxiliary unit bills more than \$25,000 to Federally sponsored programs, service center guidelines may apply to these billings.

**Clearing Accounts:** Clearing accounts serve as holding accounts and are used to charge costs for goods and services that are billed out periodically to users on a pro-rata basis. Clearing accounts do not have billing rates and are not service centers.

**POLICY STATEMENT:**

1. Services provided are charged directly to users based on actual use of the product or services, through a schedule of rates that are based on actual costs. Rates charged to internal users must not discriminate between Federally and non-Federally supported projects. Billings for services must be made at least monthly to insure accurate accounting and facilitate timely reporting of sponsored programs.

2. UConn Health may decide to subsidize service centers in order to provide lower rates to all internal or a particular group of internal users.
3. Service Center rates must be structured to break-even and recover no more than the aggregate cost of the services or products provided. Annual variances for the current year will be carried forward and used to adjust billing rates in the following fiscal period or next succeeding fiscal period. In certain cases and with the approval of the Assistant Vice President for Research, Research Administration & Finance, variances greater than +/- 10% may be carried over for a longer period.
4. The Assistant Vice President for Research, Research Administration & Finance is responsible for the review and approval of all service center budgets and charge rates. Each service center must be separately budgeted for the fiscal year. A copy of the annual budget and the proposed fees for services must be submitted to the Assistant Vice President for Research, Research Administration & Finance by May 15, prior to the beginning of each fiscal year. Service Centers must also identify the location(s) and square footage of the facility(ies) where services will be provided and provide an inventory of equipment used. The Assistant Vice President for Research, Research Administration & Finance is responsible for ensuring that space costs associated with service centers are properly reported in the F&A calculation.
5. Consolidation of various types of services into one budget is not permissible, except under special circumstances. In those instances, the Assistant Vice President for Research, Research Administration & Finance must approve the consolidation in writing.
6. Variances (surplus or deficit) between annual costs and recovery can be carried forward into the next fiscal year. However, these variances must be incorporated into the calculation of the rates to be charged during the succeeding fiscal year. In certain circumstances, with approval from the Assistant Vice President for Research, Research Administration & Finance variances may be spread over longer periods.
7. Departments that experience deficits in any type of service center that exceed 15% of the budgeted expenditure, or \$25,000, whichever is less, may be required to write off the deficit at the discretion of the Assistant Vice President for Research, Research Administration & Finance, in conjunction with the Office of Chief Financial Officer and in consultation with the responsibility center. Deficits that need to be written off will be charged to the applicable school.

Jeffrey Seemann (Signed)

3/6/17

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**Jeffrey Seemann, PhD**  
**Vice President for Research**

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**Date**

Andrew Agwunobi (Signed)

3/9/17

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**Andrew Agwunobi, M.D., M.B.A.**  
**CEO, Executive Vice President for Health Affairs**

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**Date**

**New Policy: 4/10/02**

**Revised: 11/8/16**