PROCEDURE NUMBER:	FINA 1.21 Procedure
SECTION:	Administration and Finance
SUBJECT:	Recharge Centers
DATE:	July 1, 2025
REVISION:	
Procedure for:	All Campuses
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Issued by:	Administration and Finance – Controller's Office

Procedure Statement

The University Administration and Finance Division, Controller's Office, will ensure compliance with University Policy FINA 1.21. This procedure is applicable to campuses, units, and departments operating recharge centers. The purpose of this procedure is to supplement the associated policy by providing additional detail and guidance on recharge centers.

A. Basics and Definitions

Recharge centers represent units/departments that offer specific services and/or products for a fee to the University community and/or external (non-University) customers. These centers are operated and managed by individual units/departments and support a variety of research-related or support activities. Examples include the Peromyscus Genetic Stock Center, the Microscopy Core Facility, and Printing Services.

These centers essentially function as internal, non-profit businesses – the services and/or products are provided on a cost-reimbursement basis and the units/departments should operate at break-even. As such, the rate developed and charged for the provided service and/or product must be based on direct costs and actual usage.

B. Establishing a Recharge Center

Recharge center activity is segregated and tracked in the financial system through a distinct E fund account. The steps for requesting an E fund account are outlined in the **FINA 1.21 Procedure – Sales & Services Funds (E funds)**.

The following criteria must be met for departmental activity to be considered a recharge center:

1. The unit/department must provide the services and/or goods on a consistent basis to the University as a whole – providing the services occasionally to a few other departments does not constitute a recharge center.
    a. If provided on an occasional or inconsistent basis, the expense should be allocated through a Journal Voucher (JV) to the respective user.
2. Prior written approval for establishing a recharge center must be received from the Department Head.
3. Billing rates for the services and/or goods provided must be established and documented in an appropriate manner, as detailed below.

The following factors should also be thoroughly considered and documented when requesting the establishment of a recharge center:

1. What are the services and/or products provided?
2. Who will be the primary users of the services and/or products?
3. What portion of income will be from sponsored awards?
4. Who will be the recharge center manager?
5. How many services and/or products will be offered?
6. What measurable unit will be used as the basis for charging for the usage of the service and/or product?
7. Will capital assets be used to provide the services and/or products?
8. When will the center begin charging for providing services and/or products?
9. How much start-up funding will be needed, and what is the source of that funding?

C. Rate Setting

As a recipient of federal funding, billing rates established and used by University recharge centers must comply with Uniform Guidance (2 CFR 200.468). This regulation specifies the costs allocated for such services and/or products must be based on actual usage at a rate that (1) does not discriminate in the price charged to government and nongovernment users[1] (e.g., federal vs. non-federal activities); and (2) recovers no more than the aggregate costs associated with providing the services and/or goods. As such, the **recharge center rates must be consistently charged across all users and designed to recover actual costs only**.

[1] The concept of non-discriminate pricing does not preclude the University from charging external users a higher rate in order to cover overhead costs.

Billing rates must be established in measurable units, with a separate rate established for each type of service or good provided. The rate must be readily determinable and easily/accurately measurable based on the amount of the service or product used. For example, a lab that performs test analysis may use either a per hour or per test basis for its services, depending on which is the most accurate estimate of cost.

Although recharge operations are intended to break even through budgeting and rate setting, it is seldom that expenses will exactly match revenues. As such, a recharge center's surplus or deficit for a certain fiscal year should not exceed 10% of the annual operating expenses.

Rate Development

The costs used to compute the billing rate for a provided service and/or product should include only actual costs (e.g., the cost of operations), based on either prior history or justifiable expected costs. When developing the billing rate and managing the recharge center, the following general requirements should be adhered to:

1. All costs of providing the service and/or product must be included in the recharge budget.
2. All costs must conform to required cost principles – each must be allowable, reasonable, allocable, and consistently treated. Refer to the **FINA 3.40 Procedure – Cost Principles** for further detail.
3. The recharge activity (e.g., revenues) must be used to pay the costs of providing the services and/or products.

The components used to develop the rate should be distinctly identified and documented as follows:

1. All direct costs to provide the services and/or products (e.g., salaries, wages, fringe benefits, materials and supplies, travel, equipment, etc.).
2. All indirect costs to provide the services and/or products.
3. Any surplus or deficit from the prior year's operations.
4. A variable or projected increment for any anticipated increase in costs for the year in which the rate will be applied.
5. The amount of any central subsidy provided and the source of funds. *(This should occur in very limited circumstances)*
6. The budgeted units (whether service or product) for the year in which the rate will be applied.

Rate Adjustment

Uniform Guidance (2 CFR 200.468) requires recharge centers to review rates at least on a biennial basis. All established rates are subject to review at any time by University (e.g., Controller's Office) or external (e.g., awarding agency) parties and adjustment as appropriate.

D. Roles and Responsibilities

Departments

Ultimate responsibility for the recharge center rests with the respective Department Head or Operating Unit Business Officer. Other departmental responsibilities include:

- Request an appropriate E fund account be established for recharge center activity.
- Monitor recharge center activity on at least a monthly basis.
- Maintain appropriate documentation to support all recharge center transactions (e.g., revenues and expenses) and rate setting. All records must be made available upon request.
- Bill (invoicing) users in a timely manner based on actual usage and approved rates. See **FINA 2.06 Internal Charges** and **FINA 2.60 Miscellaneous Receivables**.
- Submit User Fee Solicitation Forms in an accurate and timely manner.

Controller's Office

- Review User Fee Solicitation Forms for recharge centers, coordinating with the Budget Office and units/departments as needed to ensure compliance with Uniform Guidance.
- Submit proposed rates to the Budget Office.

Budget Office

- Coordinate, maintain, and publish a central listing of rates for recharge center.
- Coordinate Board of Trustee approval of recharge center rates.

E. Tax Implications

As a Section 115 organization, the University is generally exempt from federal income tax. However, in instances where the University provides services and/or goods outside of its core mission (e.g., teaching, instruction, research, public service), the activity may be subject to unrelated business income taxes (UBIT). Such activity should be documented on the E Fund Questionnaire to ensure appropriate the Controller's Office Tax Team can complete the appropriate analysis.

History of Revisions:

DATE OF REVISION	REASON FOR REVISION
July 1, 2025	New Procedure