

**Georgia Institute of Technology**  
**Service Centers Additional Guidance**

Grants and Contracts recently partnered with the Executive Vice President for Research's office to review Institute wide procedures for Service Centers to improve compliance, streamline operations, and improve financial reporting. Representatives from Institute Finance Support Team, Academic Departments, and Research Centers were included in the discussion and the below items were identified by the group as needing clarity or change to improve operations and transparency. The Grants and Contract policy on [Cost/Service Centers 3.14](#) has also been updated to more clearly reflect the procedures below.

**1) Center definitions, cost elements, and application of facility and administrative rates for each type of service center.**

Three updated definitions were established to better define new centers and will be used to update existing centers. The majority of current centers will be classified as Service Centers and the revised methodology will give financial managers flexibility to include equipment depreciation when it can be fully costed in the center rate. Non-Federal equipment depreciation not included in a service center rate will be reviewed as part of the facilities and administrative (F&A) rate calculation.

- 1) Specialized Service Facilities (SSF)** – Annual operating budgets in excess of \$1,000,000 annually (Required to be listed in DS-2 separately) or based on management discretion. Costs should include allowable direct costs (salaries, fringes, supplies and materials, maintenance and maintenance agreements) and allocable share of indirect costs (non-federal equipment depreciation, building depreciation, operations & maintenance associated with space) to create a fully loaded rate.

All SSF equipment and space will be included in the Other Institutional Activities (OIA) cost pool when developing the Institute's F&A cost study. Any department support identified in our Service Center Annual Rate Validation (SCARV) process will be transferred to OIA and draw general and administrative expenses.

- 2) Service Centers** –Centers with revenue greater than \$5,000 or any amount charged to an extramural sponsored award. Costs include allowable direct costs (salaries, fringes, supplies and materials, maintenance and maintenance agreements) and non-federal equipment depreciation

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at the discretion of the center manager. Equipment depreciation included in the calculation should be fully costed into the rate.

When equipment depreciation is used in the center billing rate an inventory including tag number and equipment location must be maintained to allow proper coding within the Institute's F&A cost study. Space will be allocated in the F&A cost study based on billing information collected during the SCARV process.

### F&A Application

- Internal and External Sponsored Users – The F&A rate applied is based on sponsor and established by the Office of Sponsored Projects (OSP) during award proposal and initiation. The service center rate is charged as a direct expense and becomes part of the Institute's Modified Total Direct Cost (MTDC) for F&A purposes.
- External to GIT Users – Service Centers approved for invoicing to external clients via the Bursar's Office will have a special rate established that includes the appropriate F&A rate. The Bursar rate will be published on our website along with all other rates. Centers not approved for Bursar Billing will route any requests from external users to Industry Engagement for the establishment of a sponsored award.

**3) Facility Use Agreements** –A special limited time rate for access to space or equipment. These agreements should be reviewed closely to determine if it relates to the core mission of Georgia Tech. The customer should be reviewed and approved by both Legal Affairs and OSP prior to completing the rate study. The rate should have a defined length of time and be reviewed annually.

## 2) Distinction between user groups particularly internal and external users

The following definitions are used to differentiate between internal, external sponsored, and external to GT users to help with posting charges to the correct account. Additional categories may be used at the discretion of service center managers.

- 1) Internal** – A primary user of centers and includes all Georgia Tech students, faculty, and staff supporting their work at the Institute using income sources internal to the Institute, including GTF and GTRC.
- 2) External Sponsored Projects** – A primary user of centers and includes all Georgia Tech faculty and staff supporting their work at the Institute from funding by external entities. Examples include:

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- a. Federal Sponsored Projects (USAF, DOE, DOD, NASA, etc.)
- b. State of Georgia Sponsored Projects
- c. Local Sponsored Projects
- d. Private Industry Sponsored Projects

**3) External to GT and GT Affiliates-** An entity or person that is separate from Georgia Tech and Georgia Tech students, faculty and staff acting in a personal capacity (i.e. not related to their Institutional research).

Examples include the following:

- a. Commercial entities or other for-profit companies including Specialized Service Agreements (SSAs)
- b. A student or faculty working in a personal capacity
- c. Non-profits or other universities performing work under an SSA

External sales should be incidental and represent a small portion of center revenues. The external distinction is important to the Institute and may impact unrelated business income (UBI), sales tax, and the F&A cost rate. Proper accounting, approval, and monitoring of the use of a service center by external users is required.

### **3) Clarify the process of establishing a new service center, closing an existing center, and responsibilities of ongoing operations.**

- 1) **New Center Establishment** - Departments should direct inquiries to the Cost Accounting unit within the Office of Grants and Contracts Accounting (G&C) at ([servicecenter.ask@lists.gatech.edu](mailto:servicecenter.ask@lists.gatech.edu)) to discuss the potential business plan. If a service center is deemed appropriate, a Service Center Rate Study Request form will be provided to the center manager. A cost study cannot begin until the completed form is return signed by the responsible Financial Manager, School or Department Head, and Dean/EVPR Office.

The average rate study takes 30-60 days and operation cannot begin until the following steps are complete:

- a. A Service Center Rate Study Request form and three year projected budget, with all approvals, received by G&C
- b. A completed rate study with appropriate signatures returned to G&C
- c. Once the final signed study is received, G&C will notify the department to request a Departmental Sale and Service (DSS) project number. A DSS project will be established by the Budget Office for the center and shared with G&C
- d. A Kick Off meeting will be coordinated between G&C, Department representatives, and other interested parties

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- e. A Memo will be sent from G&C that serves as a notice to begin operation and include services and rates of the center. No changes can be made to services or rates without a new cost study being completed.

**2) Closing an Existing Center** – G&C will review centers annually to determine if they meet the ongoing revenue requirements to maintain status as a center. Documentation will be provided to the financial managers of each center to review current status and allow feedback for continuing operations. The reporting to financial managers will be discussed further below. If the decision is made to shut down a current center the following steps should be taken:

- a. Email [servicecenter.ask@lists.gatech.edu](mailto:servicecenter.ask@lists.gatech.edu) requesting the center to be closed
- b. Ensure all applicable expenses are booked, resolve all outstanding encumbrances, and bill and collect any outstanding receivables
- c. Determine if any final surplus remains and work with Cost Accounting and the Budget Office to resolve
- d. Inform the [gl.ask@business.gatech.edu](mailto:gl.ask@business.gatech.edu) team to close the associated DSS project

### 3) Roles and Responsibilities

#### Service Center and/or Financial Manager

- Complete Service Center Request form including a three year projected budget and document a clear business purpose and institutional benefit for a new center
- Provide necessary information including projections of usage and expenses to G&C to complete the rate study
- Contact G&C to report any material change to the center that could impact costing or billing, such as changes in lab space, equipment, new services, or effort allocation
- Responsible for service center operations and complying with appropriate Institute policies and procedures including DSS accounting and proper effort reporting
- Bill all customers in a timely and accurate manner
- Maintain all service center financial records and supporting documentation
- Establish a process to accurately track all usage (including free use) by service and reconcile to DSS revenue annually
- Ensure rates only include costs directly related to the operation of the service center and to the service or product the user receives
- Make sure all users have proper GT identification and external users are properly vetted through Industry Engagement, Legal, and HR
- Report any possible conflicts of interest to OSP – Conflicts of Interests
- Complete SCARV and provide any additional requested information to G&C in a timely manner
- Be prepared to provide updated rate study information to G&C when contacted for a rate study review

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### **Grants & Contracts Accounting**

- Provide campus-wide oversight to service centers including review of federal policies, best practices, GA Tech procedures, and consistent costing information
- Evaluate new Service Center Request forms for completeness and determine if a service center is the correct vehicle of operation for each unique business plan
- Provide rate setting guidance
- Approve service categories, user groups, and rate structures for new and existing service centers
- Schedule and lead kick-off meetings for new service centers to explain responsibilities and best practices to financial and service center managers
- Distribute SCARV forms to determine if rates are accurate and verify center revenue do not exceed expenses over time. A five year rolling window is considered an appropriate period to operate at no better than break-even.
- Perform variance analysis to determine if updated studies are needed
- Provide service center annual departmental support to appropriate individual for approval
- Provide training related to service center policies and procedures
- Maintain a listing of official service center services and rates on the G&C website ([www.grants.gatech.edu](http://www.grants.gatech.edu))
- Approve department carryforward requests related to service centers
- Suspend published rates for centers not meeting basic requirements noted above

### **School/Department/IRI (Unit Level)**

- Ensure all service centers comply with the Institute's policy and procedures
- Ensure rates only include costs directly related to the operation of the service center and to the service or product the user receives
- Provide funding and documentation for shared service center costs
- Approve final rate studies including planned unit support if appropriate
- Fund deficits not recovered through operation

### **College/EVPR (Division Level)**

- Review and approve new service center rate study requests for appropriate business case
- Approve final rate studies including planned unit support if appropriate
- Fund deficits not recovered through operations
- Review and approve department/college support of centers annually

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### **OSP-Industry Engagement**

- Provide approval if a service center is allowed to invoice/bill via the Bursar's Office

#### **4) Explanations of topics related to ongoing operations**

##### **1) Alternative Pricing Structures (Volume, Time-of-Day)**

A center may develop alternative rate structures for special use circumstances (e.g. volume discounts or time-of-day use). Discounted rates should reflect the lower cost for providing the services. During hours of peak use, higher rates may be charged and conversely lower rates charged during non-peak hours. These alternative rates must be available to all internal and sponsored users.

##### **2) Department Support of Centers**

While service center rates should be fully costed some departments have made the strategic decision to provide support for GIT users to encourage the Institute's research mission. Our SCARV form requests that the service center or financial manager identify and report any costs shared by the department for each service center. In the past, these expenses had often been commingled with other departmental administrative spending making analysis of the service center difficult. Additionally, department support for service center operations are unallowable for Federal F&A cost recovery purposes, and must be segregated and excluded from F&A costs allocated to Federal Awards.

A department that provides support for a service center must create a separate GA Tech companion project number to post expenses not supported by center revenue. This will aid in transparency and clearly show that all expenses on the project are in support of the service center operation. A request for the new companion project can be made by contacting the Budget Office at [www.budgets.gatech.edu/](http://www.budgets.gatech.edu/).

##### **3) Ongoing approval of department support**

Based on information provided in the SCARV, G&C will prepare a comprehensive list of service centers' revenue, expense, and support information for the prior fiscal year. A list by College or IRI will be distributed to the applicable Financial Manager for review and a confirmation must be signed by the Financial Manager and appropriate Dean/EVPR representative. The signed copy must be returned to G&C each year confirming and approving the ongoing support. Each College/IRI representative should communicate to G&C any center that needs updated rates. G&C will prioritize the request and work with the center manager during the current fiscal year.

##### **4) Specialized Service Agreements (SSAs) and Bursar Billing**

Occasionally external entities such as for profit companies or other universities approach center managers with inquiries about use of the center's services on a small scale. OSP has worked with managers over the years to develop Specialized Service Agreements (SSAs) to accommodate these

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situations in the most expedited way possible. Center managers should contract Industry Engagement (IE) for information about the SSA process.

Some Centers have a need for ongoing approval to bill external entities without OSP or IE review. These Centers may contact the G&C Cost Accountant II - Service Center Rates to determine eligibility. Once approved, these centers will have external billing rates established that can be invoiced directly via the Bursar's Office.

### **5) Provide guidance related to Service Center Carryforward at Year End.**

The current Georgia Tech policy on service center carry forward of funds can be found at <http://www.policylibrary.gatech.edu/business-finance/departmental-sales-and-services-dss>. It requires the center to be self-supporting and at least 50% of the revenue to be generated from sponsored or external to GT users in order to qualify. If these qualifications are met a center may carryforward up to two months of operating expenses at year end. The carryforward recognizes timing differences and allows centers to cover operating costs without departmental support while waiting for new fiscal year revenue to be collected. Carryforward will also be considered for centers that self-insure repair and maintenance of scientific equipment.

The amount carried forward cannot exceed the fund balance on the DSS at fiscal year close. A reasonable amount of personal services and fringe must be expensed on the DSS project in order to justify the carryforward. Carryforward requests should be submitted as early as possible to allow proper review and to give adequate time for alternative planning if the request is denied. All carryforward requests need to be properly documented and include an explanation for how the funds will be used, if approved.

### **6) Should Centers be collecting Sales Tax**

If a Service Center has sales tax or unrelated business income (UBI) concerns they should contact the Senior Tax Compliance Manager in the Controller's Office. Generally speaking only goods sold to external entities without a state of GA sales tax exemption would require the collection of sales tax. The Controller's Office can provide guidance on sales tax collection if a need is identified.