

Schedule of Charges

Contact Persons:

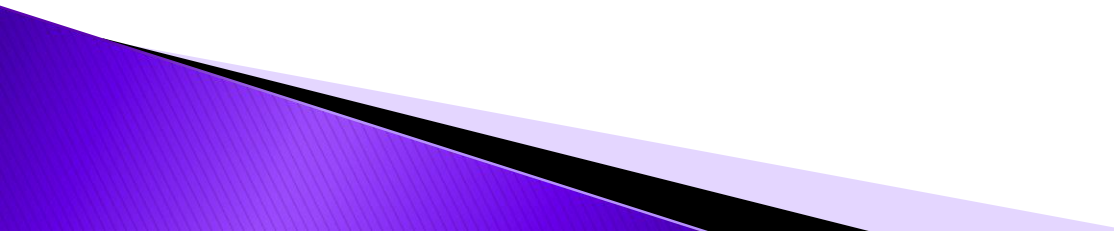
Michelle Parker (2-3807)

Julie Huff (2-1853)

Division of Financial Services (DFS)

Financial Reporting and Asset Management (FRAM)

Objectives

- ▶ Define Schedule of Charges
 - ▶ Determine when one is needed
 - ▶ Determine allowable costs
 - ▶ Correctly complete required forms
 - ▶ Identify ongoing responsibilities
- 

Policy on Sales of Products and Services

- ▶ A sale is deemed appropriate only if it is an integral part of, or reasonably related to, an activity which is essential to the fulfillment of the institution's instructional, research or public service missions.

Why do you need a Schedule of Charges?

To ensure that everyone is being charged the same rate and that the Federal Government is receiving the lowest rate.

When is a Schedule of Charges needed?

Anytime a department is selling a service, product, or by-product to internal or external customers.

Internal Customer

Any organization or individual that reports to the Kansas Board of Regents' or the State of Kansas. Internal customers include KSU departments and other State Agencies.

External Customer

Any organization or individual that does not report to the Kansas Board of Regents' or the State of Kansas. External customers include, but are not limited to, students, members of the faculty or staff acting in a personal capacity and members of the community.

Service Clearing Unit

An operating unit set up to provide services exclusively to University departments which has additionally been specifically designated by the legislature as a service clearing unit.

Breakeven Concept

Rates are generally calculated based on budgeted projections of operating expenses and projected volume of the services or products to be provided during the fiscal year. The goal is to calculate a rate that will ensure revenues reasonably offset expenses with no significant profit or loss.

By-Product

In the course of fulfilling the University's mission, products and services may result that can be sold to the University community or the general public. *These by-products should be priced using the market rate, in order to avoid unfair competition with an external provider.*

Examples

▶ Services

- Programming
- Slide Scanning
- Client Consultation
- Standard Tests or Analyses

▶ Products

- Color Prints
- Recordable CD
- Film

▶ By-Products

- Hearing Tests
- Aircraft Maintenance
- Meat
- Flour
- Dairy

Resources

Website <http://www.k-state.edu/finsvcs/fri/>

- Schedule of Charges Tools reference document
- PPM Chapters 6080 and 6085

E-forms blank forms and example forms

Submitting a Schedule of Charges

- Schedule of Charges
- Schedule of Charges Justification
- Supporting documentation including:
 - Brochures
 - Price lists
 - Price comparisons
 - Advertising materials
 - Rate calculations
 - Any other relevant items

Schedule of Charges Form

- ▶ Number each item consecutively
- ▶ Include units of measure
- ▶ Note certification statements

KANSAS STATE UNIVERSITY
SCHEDULE OF CHARGES

Department Name: _____ Selling Department _____ Dept Number: 99999

Contact Name, Phone Number & E-mail: Chris Wildcat 2-9999 chriswildcat@ksu.edu

- The University may collect only those charges established by the Board of Regents or listed on an approved "Schedule of Charges"
- Related sales tax must be assessed when appropriate (PPM 6130)

Description of the products or services ● number each one consecutively and attach the appropriate justification forms ● include unit of measure (ie. each, hour, etc.)	Amount		Indicate if new or amt of change
	Internal	External	
1. Gadget Used in Mock Service Activity (each)	53.26	71.90	New

Note unit of measure

Enter amounts here from Justification Form(s)

If the amount of an established rate is changing, amount of change should be preceded by either ↑ or ↓

Certification Statements

I Certify:

This product or service is in compliance with Kansas State University's policy on Schedule of Charges (PPM 6085)

This product or service is in compliance with the Board of Regents Policy on Sale of Goods and Services (PPM 6080)

Unallowable costs per OMB Circular A-21 are not included in the charges.

Procedures are in place to ensure a **break-even** pricing schedule.

The Federal Government is receiving the lowest price.

The rate(s) listed above will be charged uniformly to all users.

Both blocks should be signed before sending to FRAM

Submitted:	Recommended:
Department Head	Dean or Director
Date	Date
As of the date of final approval below, the charges listed above are hereby authorized for the products or services listed.	
Approved:	Approved:
Assistant Vice President For Financial Services	Vice President for Admin. & Finance For The President
Date	Date

Attach Fee/Service Justification form & return to Financial Reporting & Asset Management, 21 Anderson Hall

For FRAM use only:
This schedule is valid until: _____ Subject to Unrelated Business Income Tax yes/no

If activity continues past this date, a new SOC needs submitted

If yes, see UBIT information

Justification Form

- ▶ Justification for Charges
 - University mission
 - Method of selling
 - Customer Base
 - Project # for Revenues AND Expenses
- ▶ Direct Costs
 - Non-state funded salaries, wages and benefits
 - Supplies
 - Materials
 - Other contractual services
 - May include equipment depreciation
- ▶ Indirect Cost Calculation

Fee/Service Justification

Effective 07-18-2012

Refer to the Schedule of Charges Tools for more information

Line # on Schedule of Charges: 1

<http://www.k-state.edu/finsvcs/fri/>

The following product or service is an integral part, or reasonably related to, an activity essential to the fulfillment of the University's mission of (choose one & enter rate at the bottom of the page):

- Instruction (50%) Research (50%) Public Service (35%)

Description of Product or Service: Gadget used in mock service activity
Reason for Charge: Recover gadget costs
Anticipated Method of Selling: Word of mouth at the service activity facility Anticipated Revenues (\$): \$1,000.00
Grant Internal Customers (%): 15% Non-Grant Internal Customers (%): 35% External Customers (%): 50%
FIS Project # for Revenues & Expenses: NZZZGADGET (Project's PCA must match activity checked above)

All Revenue & Expenses should be in the same FIS account

Customer % Should total 100%

Salaries, Wages, Benefits

- ▶ 12 Month Employee = 2,080 Hours/Year
- ▶ 9 Month Employee = 1,600 Hours/Year
- ▶ Benefit Rates: <http://www.k-state.edu/research/preaward/fringe.htm>
- ▶ Verify salary rate via HRIS

Salaries, Wages, Benefits

Employee ID/Name/Job Title	Salaries	Benefits	Total	Average Hourly Rate	Hours Per Unit	Employee Total Unit Cost
W000099999/Willie Wildcat/Student	8.00	0.10	8.10	8.10	0.75	6.08
W000011111/Jamie Wildcat/Professor	40,000	14,000.00	54,000.00	33.75	0.50	16.88

	<u>Internal</u>	<u>External</u>
Total Salaries, Wages & Benefits Costs per Unit	22.96	22.96

Supplies, Materials & Miscellaneous

- ▶ Include details for any calculations
- ▶ Example: 1 Gear at \$5.00 each
 - Provide calculations in description area if needed

Maintenance &/or Software Lease Agreements

- ▶ Include details for any calculations
- ▶ Determine amount applicable to SOC being calculated

Maintenance &/or software Lease Agreements

Description	Yearly Cost	Total Use per Year	Average Cost	Use per Unit	Agreements Total Unit Cost
Fabricator (annual maintenance fee)	5,000	300 hr	16.67	0.50	8.33

Total Agreement Costs per Unit

Internal	External
8.33	8.33

Include SOC and Non-SOC activity

Depreciation Expense

- ▶ The equipment items are identified separately from non-service center equipment.
- ▶ The equipment exists and is usable, used and needed.
- ▶ The equipment has not outlived the depreciable life (fully depreciated).
- ▶ *The equipment was not purchased with federal funds.*
- ▶ *Sales will NOT be made primarily to grant or contract accounts.*

Annual Depreciation Expense

- ▶ Equipment is defined as items \$5,000 or more with a useful life > 1 year.
- ▶ Established using the straight-line basis, assuming no salvage value. See Tools document for Useful Life.
- ▶ The projected cost of replacement cannot be included when developing depreciation schedules.
- ▶ Use FIS Discoverer Report “ZFA Fixed Assets” for Property Number, Purchase date, Object Code, Acquisition code.

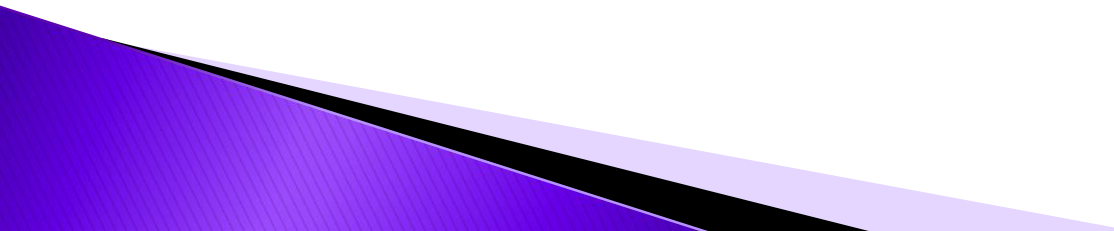
Equipment Depreciation (Include Property Number)

Description	Original Cost	Depr Life (Yrs)	Annual Depreciation	Total Use per Year	Average Cost	Use per Unit	Equipment Total Unit Cost
123456 Fabricator	80,000.00	8	10,000.00	300 hr	33.33	0.50	16.67

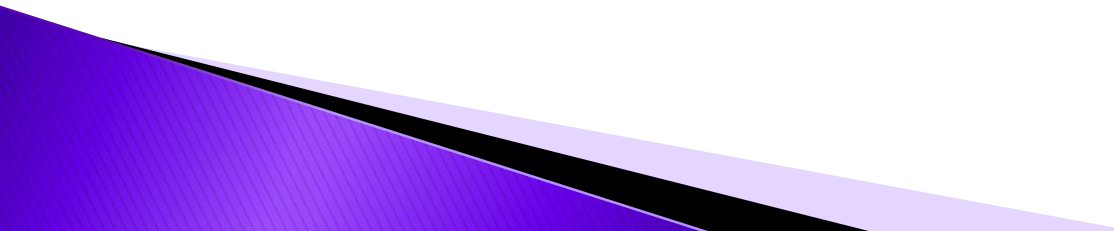
	<u>Internal</u>	<u>External</u>
Total Equipment Depreciation Costs per Unit	16.67	16.67

Expenses must be charged to the same FIS Account that the revenues are deposited to.

Indirect Costs

- ▶ Also known as F&A (Facilities & Administration) cost rate.
 - ▶ Determine amount applicable to SOC being calculated.
 - ▶ Required for sales to external customers
 - ▶ The indirect cost rate is based on the university's federally negotiated F&A cost rate. The research rate is 50% and the public service rate is 35%.
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Sales to External Customers

- ▶ For the purpose of charging for goods and/or services, students are considered external users.
 - ▶ The rate is equal to the base rate (internal rate) plus applicable F&A costs.
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Indirect Costs

Rate from top of form: 35%

Total Indirect Costs: 18.64

Internal External

Total Unit Cost and Fee/Service Rate Charged (Place on Schedule of Charges) 53.26 71.90

Depositing indirect cost receipts

- ▶ Deposit to the same department account and object code as the direct portion of the fee.

Unrelated Business Income Tax

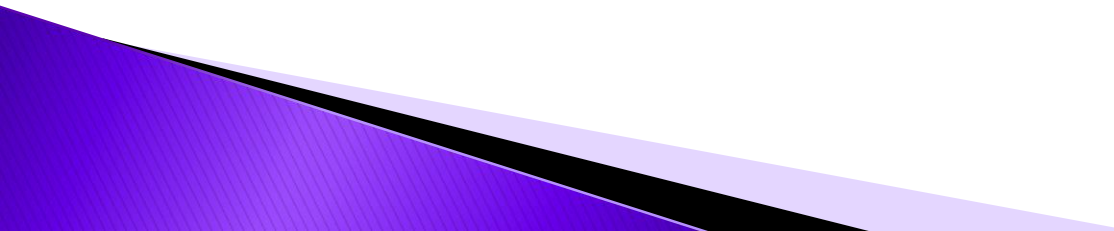
Unrelated Business Income Tax (UBIT)

- Revenue generating activities not directly related to KSU's exempt purposes of research, instruction and public service may be subject to UBIT.
- UBIT determinations are very dependent on the facts and circumstances of each activity.

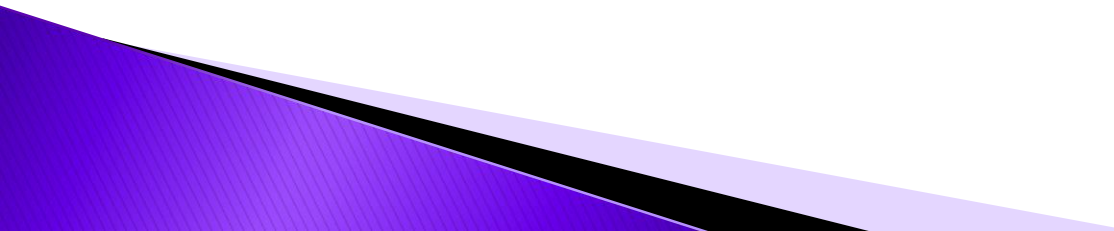
Unrelated Business Income Tax (UBIT)

- If an activity is deemed to be subject to UBIT, the department will be notified.
- The department will need to provide DFS with revenue and expense information on an annual basis for completion of the University's UBIT IRS tax return.
- The department will also need to provide a FIS account that can be charged if it is determined UBIT taxes are owed to the IRS.

Checklist

- ▶ Have you followed the Board of Regents' Policy of Sales of Products and Services?
 - ▶ Is the product or service an integral part of the University's mission?
 - ▶ Is the Federal Government receiving the lowest price?
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Checklist

- ▶ Do you have procedures in place to ensure a breakeven pricing schedule?
 - ▶ Have you ensured that state funds will not be needed to subsidize this activity?
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Ongoing Responsibility

- ▶ Revise the Schedule of Charges whenever there is a new fee, a change in a fee or the fee becomes outdated.
- ▶ Notify FRAM when a fee is no longer needed.
- ▶ Review operations annually and verify that it is a break-even operation. Revise rates if needed.