The University of Chicago

Recharge Rate Calculation Template Instructions

Background

The purpose of the Recharge Rate Calculation Template is to provide uniform guidance to University of Chicago recharge operations for calculating and establishing recharge rates. All new recharge operations are to complete the Recharge Rate Calculation Template and provide it with their request for a recharge FAS account. Existing recharge operations are to complete the Recharge Rate Calculation Template annually (due May 15th each year to Financial Services as new rates are effective July 1). It is encouraged that recharge operations perform a mid-year review to ensure the recharge is on track to break even. This mid-year review may require a rate adjustment, which would require approval from Financial Services. The recharge rate calculation is a critical audit document as it assists with the demonstration of compliance with Uniform Guidance.

General Principles

Underlying the Rate Calculation Template are the following key principles:

- Rates charged to federal programs must be developed in compliance with the Uniform Guidance cost principles and the costs included in the rates must be allowable (Refer to Appendix A for allowable/unallowable cost guidance).
- The recharge rates should be established using a documented method. Records must be retained and made available to federal officials as required.
- A given rate must be based on actual/estimated costs (versus an amount derived from the market or a “historical” rate that cannot be documented) and charged based on actual usage.
- All recharge related costs should be charged to the recharge account. If the department would prefer to cover some of the costs and not include them in recharge rates, this should be done through a subsidy transfer to the recharge account.
- Rates cannot discriminate between internal users (i.e., one internal user cannot subsidize the cost of providing the same product/service to another internal user).
- A unit may “sell” its products/services to external users (individuals and/or organizations outside of the University), but such sales should be incidental.
- The same rate does not have to be charged to internal and external users. If internal users are billed using a lower rate than the federal (calculated) rate, other source(s) of funding will be provided to make up the difference so the government does not share in the recharge operation subsidy (i.e., internal users cannot be charged a rate higher than the calculated rate but if they are charged less than the calculated rate, the rate differential should be covered by a unit/division subsidy or external users should be charged a higher rate than the calculated rate).
- Over time, the recharge should break even, or recover no more than the total cost of providing the good(s)/service(s). A unit may lose money on its operations, but it may not earn a profit. “Total cost” is defined by the rate calculation methodology/recharge rate type established for that unit. Annual surpluses/deficits must be incorporated into the next years rates, or in the case of a deficit, be subsidized by departmental funding sources.
Determining the Rate Calculation Methodology/Rate Type

Prior to utilizing the Recharge Rate Calculation Template, the recharge operation must first determine the best mechanism to bill users. There are three rate methods:

**Pass-through rates:** These are applicable to departmentally-based activities where costs are captured in one subaccount and then transferred to the user based on actual usage. No value from department personnel is provided. The cost/rate transferred represents only the invoiced or direct cost of the product/service. For example, a recharge operation purchases supplies and sells them to a user at the exact cost that was paid to purchase the supply. If a recharge operation will be considered a pass-through rate recharge, a rate template is not required; however, the recharge operation will still be required to complete the Recharge Operation Annual Questionnaire.

**Partially costed rates:** These are applicable to recharge operations that provide specialized products/services to University users. Value from unit personnel is provided. The rates represent the direct cost of the products/services and the unit-specific indirect costs. The University’s organized research F&A rate is applicable to these charges when passed to the user. The majority of recharge operations fall into this category and this requires completion of the Recharge Rate Calculation Template.

**Fully costed rates:** These are applicable to recharge operations that are designated as “specialized service facilities,” where the activity is of a highly complete and specialized nature. The rates represent the direct cost of the products/services, the unit-specific indirect costs, and an allocation of University—wide indirect costs. The University’s organized research F&A rate is not applicable to these charges when passed to the user).

Instructions for Completing the Recharge Rate Calculation Template

As the majority of University recharge operations are considered partially costed, those recharge operations should complete the Recharge Rate Calculation Template annually. Boxes that are shaded require review/completion by the recharge operation.

*It is important that the rate template is not modified by adding/removing columns/rows or changing formulas unless instructed to do so. Services should be listed next to each other on the Description of Services tab with no gaps and any service columns not used should be left in the template, not deleted. Modifications to the template may cause errors in calculations. If you have a unique situation that is not accommodated by the rate template, please contact Financial Services for assistance.*

**Note:** *There is a new worksheet after the Summary Rate Calculation called Current Yr Ext vs Int Revenue. The purpose of this worksheet is to estimate the amount of external revenue generated due to the difference between the internal and external rate and determine if that amount covers the unallowable fringe benefit expense or if that amount must be subsidized.*
**GENERAL INFORMATION:** The purpose of this tab is to collect general descriptive information regarding the recharge operation. Some of this data will be used in other tabs.

- **Recharge Name**: Enter the full recharge name. This should generally match the name in the recharge FAS account.
- **Recharge FAS GL Account**: Enter the FAS general ledger (ledger 0) account. If the rate calculation worksheet is being completed by a new recharge, please identify the FAS account as ‘TBD.’
- **Recharge FAS SL Account(S)**: Enter the FAS subsidiary ledger (ledger 2) account or accounts if there are multiple SL accounts. If the rate calculation worksheet is being completed by a new recharge, please identify the FAS account as ‘TBD.’
- **Recharge Building Name**: Enter the building in which the recharge operation activity is housed. This is a searchable dropdown list. Enter the search word(s) in cell B8 and click on the appropriate building name in the dropdown list. Once a building is selected, the recharge building number and recharge building address will automatically populate. Additional building fields are provided for recharges that are housed in multiple buildings. *Note: These are dropdown lists as well but not searchable – the list will show the entire building list to choose from.*
- **Recharge Room Number(s)**: Enter the rooms within the buildings that house the recharge activity. All recharge room numbers should be listed for each building. The room numbers should match the format in the University space database (ARCHIBUS).
- **Rate Template Completed By (Name)**: Enter the full name of the individual(s) who completed the rate template.
- **Rate Template Completed By (Title)**: Enter the full title of the individual(s) who completed the rate template.
- **Rate Template Completed By (Phone)**: Enter the phone number of the individual(s) who completed the rate template.
- **Rate Template Completed By (Email)**: Enter the email address of the individual(s) who completed the rate template.
- **Rate Template Submission Date**: Enter the date that the template was submitted to Financial Services.
- **Rate Applicable Fiscal Year**: Enter the fiscal year for which rates are being calculated (*i.e. the year after the current fiscal year*). Enter only the 4 digit number (ex. for fiscal year 2020, enter “2020”). This field will populate headings for tabs that include projected expenses and usage for future rates (Description of Services, Effort Billable Hours, Salary & FB Expenses, Non-Labor Expenses, Equipment, Summary Rate Calculation, Budget Template).
- **Current Fiscal Year**: Enter the fiscal year in which the rate template is due (ex. for applicable fiscal year 2020, current fiscal year would be “2019”). This field will populate headings for tabs that include current year revenues, expenses, (surplus)/deficit and usage (SD in Aggregate, SD by Service, Current Yr Ext vs Int Revenue).
- **Current Year Fringe Benefit Rates**: Enter the benefit eligible non-federal, benefit eligible federal and benefit ineligible rates for the current fiscal year per the URA website (link provided).
- **Applicable Year Fringe Benefit Rates**: Enter the benefit eligible non-federal, benefit eligible federal and benefit ineligible rates for the applicable fiscal year per the URA website (link provided).
- **Current Year Federal Revenue**: Enter the dollar amount received from recharge sales to Federal users (ledger 5) for the current year. This would be revenue from billings to ledger 5 (federal) accounts.
- **Current Year Non-Federal Revenue**: Enter the dollar amount received from recharge sales to Non-Federal users for the current year.
**DESCRIPTION OF SERVICES:** The purpose of this tab is to identify the core products/services that will be provided. This is an important tab as it summarizes the core activity performed by the recharge operation. A few consideration items:

- Each service line that will be provided should be clearly identified with a description that gives an ordinary user the ability to understand what service is being provided.
- The list of external customers does not need to include 100% of external customers but should highlight the majority of customers and/or the external customers anticipated to provide the most external business to the recharge.

  - **Service:** Enter a short name for each service after the colon.
  - **Full Name:** Enter the full name for each service after the colon. *Please make sure that the service name matches the name on the recharge price list on the website or other source.*
  - **Description:** Enter a **complete** description for each service after the colon.
  - **Nature of the Service:** Choose a category from the dropdown that describes the general nature of the service being provided.
  - **Human Subjects:** Choose yes or no from the dropdown to indicate if human subjects are involved in providing the service.
  - **Pass Through:** Choose yes or no from the dropdown to indicate if the service is a pass through (ex. supplies or postage charged to users at cost with no mark up).
  - **External Customers:** Choose yes or no from the dropdown to indicate if the recharge sells services to users outside the University. If the answer is yes, the primary external customers should be listed. Customers billed to a University account should be considered internal customers. External charges are generally a Bursar cash receipt entry.

**EFFORT BILLABLE HOURS:** The purpose of this tab is to identify the individuals who will be providing effort to the recharge operation, as well as projecting their effort by service line. This list should include **all individuals with recharge effort**, even if their salaries/benefits are subsidized by the department or Federal awards. The Federal effort is accounted for in this tab. Only University employees should be listed (i.e. salaries paid through the University Payroll system). Purchase of non-University services will be included in the non-labor expenses tab. The following should be reviewed and updated:

  - **Name/Role:** This identifies all individuals, including their title/role, projected to have effort expended on the recharge during the applicable fiscal year. If there is an open position at the time the template is completed, that individual may be listed as TBD; however, the role they will fulfill should be clearly identified. Enter the individual’s full name and title in the spaces provided. If a role will be filled by multiple individuals throughout the fiscal year (ex. student position), enter the name of the individual who is currently filling the position.
  - **Hours Worked per Week:** Enter the total hours per week that an employee is scheduled to work, not just the recharge hours. *(Note: This should agree to the employee’s scheduled hours per Workday).*
  - **Vacation Days per Year:** This should reflect the annual days of vacation time the employee is entitled to, if applicable, as outlined in HR Policy 509 – Vacation *(Note: this should agree to the*
• **Personal Holiday Days per Year:** This should reflect the annual days of University
  Personal Holidays the employee is entitled to, if applicable, as outlined in HR Policy 511 –
  Personal Holidays *(Note: this should agree to the employee’s Workday records).*

• **Sick Days per Year:** This should reflect the annual days of sick leave the employee is entitled
  to, if applicable, as outlined in HR Policy 512 – Sick Leave *(Note: this should agree to the
  employee’s Workday records).*

• **Holiday Days per Year:** This should reflect the annual days of University Holidays the employee
  is entitled to, if applicable, as outlined in HR Policy 510 – University Holidays *(Note: this should
  agree to the employee’s Workday records).*

• **Other Days Off per Year:** This category is used to identify positions that do not provide effort
  for the full fiscal year and reduce the person’s annual hours.

• **% Effort:** For each individual identified, their time should be split among the 4 effort categories
  listed, namely: the anticipated effort on the recharge for which the spreadsheet is being
  completed and paid from the recharge account, the anticipated effort on the recharge that is
  paid by Federal awards, the anticipated effort on other recharge operations and the anticipated
  effort on all other projects (e.g. unit/divisional responsibilities unrelated to the recharge, effort
  on research activities, effort on instruction). The % of Total Effort **must** equal 100%.

*Note: The percentage effort listed in row 34 must tie to the percentage of the individual’s
salary charged to the recharge account. If there is a discrepancy, either the percentage on the
Effort Billable Hours tab should be corrected or the salaries charged to the recharge account
should be corrected to match actual effort.*

The input of the above data fields will populate the Total Recharge Hours to be Allocated. After the
above data fields are input, the recharge hours *(paid from recharge account only)* must be allocated
among the various service lines, as well as Non-Service/Administrative time for each individual. The
total of all percentages for each individual must equal 100%.

• **Non-Service/Administrative Time:** This should reflect projected effort (hours will calculate
  based on the estimated percentage effort input) spent performing supervision/facility
  management (ex. managerial duties such as supervising the overall recharge and direct
  administrative support for the recharge operation such as billing & collections), professional
  conferences/development/training (ex. conferences and staff training directly related to the
  recharge), or other time that is not directly tied to supporting a service line but is directly
  linked to the operations of the recharge operation. The total non-service hours should be
  broken out into the three categories above, namely: Supervision/Facility Management,
  Professional Conferences/Development/Training and Other. If the “Other “category is used,
  an explanation of what activities are being performed should be identified. *Note: If no hours
  are allocated to the non-service/administrative category, you will be asked who does the
  recharge billing and other administrative functions for the recharge. The salaries for these
  individuals should be charged to the recharge account and hours allocated on this tab.*

• **Direct Service Line Time:** This should reflect projected effort (hours will calculate based on
  the estimated percentage effort input) spent performing either a direct service to users on
that respective service line or providing ancillary support to the respective service line, such as maintenance/repair used by that service line, quality control of the finished product, etc.

When completing the above data fields, it is important to pay attention to the “Are All Recharge Hours Allocated?” field. If this field says “No”, the total hours to be assigned to the recharge have not been fully allocated and will need to be reviewed.

**SALARY & FRINGE BENEFIT (FB) EXPENSE:** The purpose of this tab is to capture total (from all funding sources) projected salary and fringe benefit expense for each individual identified on the Effort Billable Hours tab. Current year salaries should be used as a basis for the projections (whenever possible), with a reasonable increase (or decrease). Descriptions of the projection methodology is requested on the recharge questionnaire. The following fields require input:

- **Total Projected Base Salary for Applicable FY:** The base salary input should equal the employee’s base salary in Workday (the base salary doesn’t include bonuses, relocation reimbursements, etc.). Start with current year salaries and add an appropriate increase or decrease for the applicable FY.
- **Employee Type:** This is a dropdown box. Each employee should be identified as either Benefits Eligible or Benefits Ineligible as defined by University HR policy. This field drives other calculations and must be input.

The above inputs calculate the allowable salary and fringe benefit expenses to be included in the recharge rate. As all recharge operations are on Ledger 2 FAS accounts, the non-federal fringe rate will always be applied to Benefits Eligible employees by Workday; however, the difference between the federal fringe rate and the non-federal fringe rate is an unallowable cost. *See Appendix A for more information on Allowable versus Unallowable Costs.*

**NON-LABOR EXPENSES:** The purpose of this tab is to capture all non-labor expenses associated with the operations of the recharge. The total projected costs for the applicable fiscal year should be assigned by category within the “Total Projected Non-Labor Expenses for Applicable FY” column and then allocated to each service line based on estimated usage of services/supplies by each service line. If costs cannot be easily categorized by service line, it is recommended that the costs be allocated as a percentage of revenue. For example, if a recharge operation has five services (Service 1 generates 60% of total recharge operation revenue and Services 2-5 each generate 10% of total recharge operation revenue) and buys general supplies to be used for the entire recharge operation the cost of those should be allocated as 60% to Service 1 and 10% to Services 2-5. The percentage allocation must equal 100% as noted in the Total column (DA). A few items to highlight on this tab:

- **Equipment Purchases / Depreciation Expense:** The government does not allow equipment to be included (i.e. purchased on a recharge account) in recharge rates but does allow a recharge to capture the associated depreciation expense related to the equipment purchased for the recharge in the rates. As depreciation is a non-cash expense, Financial Services has created
special accounts specifically to capture equipment purchases and depreciation expenses for the use of recharge operations (depreciation recovery accounts – see Procedure Manual for additional information). The amount charged to the recharge equipment FAS account should be in direct proportion to the use by the recharge (i.e., if the recharge will only use the equipment 50% of the time, 50% of the cost should be charged to the recharge equipment purchase account and 50% should be charged to another FAS account). The useful life is determined according to University policy and must agree to University Property Management records. Please let Financial Services know if you would like equipment depreciation charged to the recharge account and what percentage of depreciation should be charged. Financial Services will make all depreciation entries.

• **Unallowable Expenses:** Unallowable expenses (listed in Appendix A) cannot be included in the rate charged to internal users; therefore, these expenses **must** be charged to a non-recharge FAS account. Even if unallowable costs are excluded from the rate calculation, the University does not allow unallowable costs to be charged to a recharge FAS account as those costs could be included in the surplus/deficit at year end. As the year-end surplus/deficit is factored into the next year’s rate calculation, these unallowable expenses may inadvertently be included in a future year rate. **The only exception is the unallowable portion of the fringe benefit rate due to system limitations. This unallowable portion of the fringe benefit expense must be covered by a subsidy transfer prior to the close of the fiscal period.**

**EQUIPMENT:** The purpose of this tab is to calculate the depreciation expense per year that is allowable to be included in the rate calculation as well as the actual amount that will be included in the recharge rates per the recharge operation manager’s instructions. The information input into this tab must agree to the University Property Management System (please contact capitalassets@cticket.uchicago.edu for equipment information, including funding accounts, equipment life, etc.) for existing equipment. If there are anticipated capital equipment purchases for the following fiscal year, a proxy amount for the equipment amount should be included as well as the expected purchase date/month. If the equipment will be purchased between July – December, the unit will be able to include depreciation expense for this equipment in the rates. If the equipment is anticipated to be purchased in the second half of the next fiscal year, depreciation expense will not be applied until the subsequent fiscal year.

Some recharge operations are heavily subsidized and therefore, may elect to not include depreciation expense in their rates. Recharge operations should consider reaching out to their respective Division representative to determine if they should or should not include depreciation expense. For BSD recharges, permission to include depreciation must be obtained from the BSD Executive Director of Accounting & Financial Analysis. All equipment used by the recharge (regardless of what account is charged) should be included in this worksheet as this should be a complete inventory of recharge equipment. The fields that should be populated are as follows:

• **Property Tag #:** This field represents the University Asset Tag number physically affixed to the recharge equipment. Some equipment may not be taggable and within the University Property records is assigned a “V” asset number.

• **Equipment Description:** This field represents a brief description of the type of equipment
purchased (e.g. confocal microscope).

- **Manufacturer:** The company/organization that manufactured the equipment as this can be a helpful identifier of the asset if the asset tag is not visible.
- **Equipment Location – Building:** Enter the building that the equipment is located in.
- **Equipment Location – Room:** Enter the room number the equipment is located in.
- **FAS Account(s) that Funded Equipment:** As equipment purchases may be split across accounts, this field should reflect all accounts utilized to purchase the equipment.
- **Acquisition Date:** This is the date the asset was acquired by University records, as this date determines the application of depreciation expense.
- **First Fiscal Year for Depreciation:** As defined by University Policy 1004, assets acquired in the first half of the fiscal year will have a full year of depreciation expense versus assets acquired in the second half of the year, which will have no depreciation expense in the year of acquisition. Assets acquired in the second half of the year will have a full year of depreciation expense in the fiscal year subsequent to acquisitions. Therefore, this information is based on the acquisition date. Only the 4 digit year should be entered in this field.
- **Equipment Life:** This reflects the useful life as identified in University Policy 1004. Capital Asset Accounting may authorize an exception to the useful life outlined in policy, but this exception is documented as part of University Property Management records and therefore, the useful life, similar to other attributes, must agree to University Property records.
- **Asset Not Purchased by Recharge but Leased by Recharge?:** This is a dropdown field that allows the recharge to respond “Yes” if the equipment was not purchased by the recharge but is being leased by the recharge for recharge use. If the response is “Yes” to not purchased but leased, the depreciation is not included in recharge rates. However the lease payments should be included in the non-labor expenses tab.
- **Asset Purchased on Recharge Equipment Account [L8]?** This is a dropdown field that allows the recharge to respond “Yes” if the equipment was purchased from the recharge ledger 8 equipment account (using accumulated depreciation credits) and “No” if it was purchased from other accounts.
- **Total Acquisition Cost per PMS:** This should be the total capital cost of equipment as recorded in University Property records.
- **Federally Funded (LS) Portion of Acquisition Cost:** This is the portion of the acquisition cost that was paid for with federal (ledger 5) funds. The amount is in the N_UNIV field in the Property system (PMS).
- **% Utilized by the Recharge:** This is the percentage of the asset utilized by the recharged (generally 100% unless it is shared with non-recharge activities).
- **Include Any Depreciation in Recharge Rates?:** This is a dropdown field that allows the recharge to respond “Yes” if any portion of the equipment depreciation will be included in the recharge rates and “No” if no depreciation will be included.
- **Percentage of Depreciation Included in Rates:** This field allows the recharge to enter a percentage of the total allowable depreciation that will be included in the rates.

The above data fields will calculate the depreciation expense amount that is allowable for rate
calculation purposes as well as the amount that will actually be included in the rates for each piece of equipment. The depreciation that will be include in the rates for each piece of equipment must then be allocated to the service lines that utilize the associated equipment. Within the Allocation of Equipment Expenses to Services section, each piece of equipment should be allocated by estimated percentage of usage to each service line. For example, if a microscope is equally utilized between Service Line 1 and 2, the % section should be updated within these two Service Lines to reflect 50% for each. The depreciation allocation for each piece of equipment should total 100% (see column DB).

**SD IN AGGREGATE:** The purpose of this tab is to ensure any surplus or deficit ("SD") for the current year is factored into the rates as all recharges should be operating at breakeven. This tab is not applicable for new recharge operations, but must be completed by any recharge that has been existence more than one fiscal year. The aggregate surplus or deficit can be determined by reviewing the recharge GL account.

Q: How do I know what GL account relates to my recharge?

A: Within the FAS mainframe, you can determine what GL (general ledger or 0 ledger) account is mapped to your recharge account. Go to inquiry screen 5 and the top right column will show a field named map code. The map code is your GL. For example, if the map code shows ‘12345’ then the GL account mapped to the recharge account is 0-12345.

Q: I found my GL recharge account, but how do I determine the surplus or deficit?

A: Subsidiary ledgers (ledgers 1-9) are accounts that show activity by fiscal year. Each year, the SL account ends the year by either taking in more revenue than expense (surplus position) or incurring more expenditures than revenue (deficit position). At the end of each year, the surplus or deficit zeros out in the SL account but the balance becomes part of the Fund Balance in the GL (for recharge accounts this is account control 3120). The fund balance is the accumulation of each individual year’s surplus or deficit. The fund balance can be viewed either in the FAS mainframe (screen 14) or within eLedgers or by running a Business Objects report. If a fund balance is a credit (–) balance, this indicates an overall surplus position and a debit balance (+) indicates that the recharge is in an overall deficit position.

**Note:** A detailed explanation regarding the completion of this tab is available within the worksheet as well as below. The revenues in note 2 should be based on the most current completed month within the fiscal year and note 3 should be an estimate of revenues for the remaining months within the fiscal year. The expenses in note 5 should be based on the most current completed month within the fiscal year and note 6 should be an estimate of expenses for the remaining months within the fiscal year.

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<tr>
<th>Note</th>
<th>Instructions</th>
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<tbody>
<tr>
<td>1</td>
<td>Enter the total in the recharge GL account (account control 3120) at the end of the prior fiscal year. The applicable fiscal year will appear in the “FY” column next to the amount box. Enter the amount as a negative if a surplus and positive if a deficit. This prior year (surplus)/deficit will be rolled into next year’s rates in an effort to move towards breakeven.</td>
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<tr>
<td>2</td>
<td><strong>ALL USER REVENUES</strong> associated with a recharge must be captured in the recharge's account(s) to be associated with the related operating expenses. Enter the most current year to date revenue amount charged to the recharge account.</td>
</tr>
<tr>
<td>2a</td>
<td>Enter the date through which year to date revenue is measured in the boxes provided.</td>
</tr>
<tr>
<td>3</td>
<td>If the amount entered for note 2 does not capture the revenue for the entire fiscal year, enter an estimate of the revenue for the remainder of the fiscal year.</td>
</tr>
<tr>
<td>3a</td>
<td>Enter an explanation indicating how the estimate in note 3 was determined in the box provided.</td>
</tr>
<tr>
<td>4a</td>
<td>This line item is applicable to centers that charge users a subsidized rate. This is acceptable, but it means that all or a subset of users do not bear the calculated cost of providing the service. Instead, a subsidy is provided to cover the deficit that implicitly results. This subsidy amount or, in other words, the revenues that would have been earned if the calculated rates were charged to all users, cannot be reflected in a carry forward amount that is incorporated into the next year's rates. A planned subsidy should be affected via a non-mandatory transfer of revenue into the operating account. Enter the Planned Subsidy amount for any transactions that have already occurred year to date.</td>
</tr>
<tr>
<td>4b</td>
<td>To reduce or eliminate the amount of increase in the next year's rate, an amount representing a subsidy beyond that which was determined when user rates were established below the calculated rates (i.e., a planned subsidy, see note 4). Any such additional subsidy amount should be entered here as a negative amount. This subsidy should be affected via a non-mandatory transfer of revenue into the operating account by the end of the fiscal year. The recharge can fund the full deficit amount or the amount over the 2 months’ working capital allowance to eliminate the need to include the deficit in next years’ rates.</td>
</tr>
<tr>
<td>5</td>
<td><strong>ALL OPERATING EXPENSES</strong> associated with a recharge must be captured in the recharge's account(s) to be associated with the related revenues. Enter the most current year to date operating expense amount charged to the recharge account.</td>
</tr>
<tr>
<td>5a</td>
<td>Enter the date through which year to date expense is measured in the boxes provided.</td>
</tr>
<tr>
<td>6</td>
<td>If the amount entered for note 5 does not capture the operating expense for the entire fiscal year, enter an estimate of the expense for the remainder of the fiscal year. <strong>Note:</strong> This should not include equipment depreciation expense not yet charged to the recharge account since this is captured in note 7 below.</td>
</tr>
<tr>
<td>6a</td>
<td>Include an explanation indicating how this estimate was determined in the box provided.</td>
</tr>
<tr>
<td>7</td>
<td>This line item is only applicable to recharges that have depreciating capital equipment (or other items determined to be treated as if they were capital) AND for which user rates include all or some subset of the associated depreciation expense. In these cases, the recharge's operating account is charged for depreciation expense and the recharge equipment purchase account (ledger 8 plant fund account) is credited. <strong>If the recharge’s operating account has not yet been charged for the full years’ worth of depreciation as of the date this rate template is prepared, enter the appropriate remaining amount here (e.g. as Financial Services records depreciation monthly, this should typically be only one or two months of depreciation expense depending on the timing of when the rate template was completed).</strong></td>
</tr>
<tr>
<td>8</td>
<td>Federal cost accounting standards prohibit the inclusion of the costs of a dependent tuition benefit program in user rates or surplus/deficit calculations (i.e. the difference between the University benefit rate and the Federal benefit rate is this unallowable dependent tuition remission). The dependent tuition benefit is a portion of the total nonfederal fringe benefit rate which recharge operating accounts bear. Therefore, this percentage of the recharge benefits-eligible salaries and wages should be excluded from this calculation. It is calculated by reducing benefit expense charged to the recharge account in the current fiscal year by the difference between the University and Federal benefit rates. <strong>NOTE:</strong> This amount is automatically calculated by the template if an amount is entered into 8a. An amount is entered into 8a if benefit eligible fringe benefits were charged to the recharge account in the current year AND they were not either moved off of the account or subsidized as of the preparation of the rate template.</td>
</tr>
<tr>
<td>8a</td>
<td>Enter total benefit eligible fringe benefits (<a href="#">subaccounts 1901 and 1902</a>) charged to the recharge account during the fiscal year in the box provided. If the unallowable benefit expense has already been transferred off of the recharge account or a subsidy entry was made which covers this amount, zero should be entered in the box provided.</td>
</tr>
<tr>
<td>8b</td>
<td>If zero, please also provide an explanation in the box provided regarding whether the FB was transferred off of the account or if a subsidy transaction was made (provide account). The exclusion is calculated per a formula using the current year fringe rates.</td>
</tr>
<tr>
<td>9</td>
<td>The percentage of the (surplus)/deficit to be incorporated in the rate calculation for the indicated fiscal year is entered into the cell provided by the recharge, which is used to calculate the amount to be included. It is based on the Net (Surplus)/Deficit calculation and an evaluation of how much of the net (surplus)/deficit can be applied in this coming year, versus spreading out over multiple years. Whenever possible, the full amount of the net (surplus)/deficit should be included in the next year’s rates unless it will cause a large decrease or increase to the rates that cannot be absorbed by users all in one year.</td>
</tr>
<tr>
<td>9a</td>
<td>If the full amount of the net (surplus)/deficit from the prior year will not be carried forward, please use the box provided to explain the details and plan for incorporating the amount over future years.</td>
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</tbody>
</table>
**SD BY SERVICE:** The purpose of this tab is to allocate the amount of (surplus)/deficit calculated in the “SD in Aggregate” tab to be included in the rate calculation and apply it to each service line. This tab is not applicable for new recharge operations but must be completed by any recharge that has been existence more than one fiscal year that has a (surplus)/deficit over the working capital amount. The recharge determines how to allocate the (surplus)/deficit to services based on the estimated % attributable to each. The allocated amounts are then linked to the Summary Rate Calculation tab to be incorporated into the rate calculation. The current year revenues and expenses are also allocated to services in this worksheet only to assist in the allocation of the (surplus)/deficit. Actual year to date revenue (per SD in Aggregate note 2) by service plus estimated additional user revenue (per SD in Aggregate note 3) by service should be entered in line 13. Estimated percentage of expense per service should be entered in line 16. If better estimates are not available, percentage of revenue per service can be used to allocate expenses. Estimated (surplus)/deficit per service should be entered in line 28. If better estimates are not available, percentage of revenue or expense per service can be used to allocate (surplus)/deficit.

**SUMMARY RATE CALCULATION:** This tab summarizes all information from previous tabs that should or should not be included in the internally calculated rate. Allowable expenses are summarized in the ‘Expenses’ section at the top of the sheet and are based on inputs from prior tabs. The following fields require edits:

- **Planned Subsidy to Reduce Rates:** If the recharge operation is aware of or has an existing agreement whereby the department/division is providing a subsidy to the recharge to keep rates low, this subsidy amount (e.g. $50,000) should be entered on this line. If the subsidy is to support all service lines, the subsidy amount should be allocated evenly (e.g. $50,000 subsidy is allocated across 5 service lines and therefore, the planned subsidy amount for each service line should reflect $50,000/5=$10,000). If the subsidy is for specific service lines, the amount should be allocated proportionally to those respective service lines.

- **Current FY Utilization by User Type:** This should reflect actual utilization by user type (Internal UChicago Users, External Academic Affiliated Users, External Academic Non-Affiliated Users and External Commercial Users) for the current fiscal year. As the rate calculation is completed before fiscal year end, this can include an estimate for June users. The number of units utilized for the year should be entered in these boxes. Note: *This is not the number of users but rather the number of units used for the fiscal year by user type.*

- **Total Current FY Utilization-Enter Usage Units:** This field reflects how utilization is measured. For example, if consulting services are performed, the field may be input with “hours,” if widgets are produced this field may reflect “units”, etc. This field provides a dropdown list of common unit measurements. If the appropriate unit is not listed, add the unit name manually.
• **Projected Utilization for Applicable FY by User Type:** As this spreadsheet is intended to calculate the next fiscal year’s rates, the projected utilization must also be estimated. Enter the projected % change from current utilization in the boxes provided for each user type. If utilization is expected to change at different rates for each service, add the projected utilization manually.

• **Established Billing Rates for Applicable FY:** See below for guidance on completing this section. These rates should tie to the rates posted on the recharge website or price list for the applicable fiscal year. Also, please provide explanations in the boxes provided if internal rates are lower than calculated or external rates are higher than calculated.

The above inputs produce the allowable/maximum billing rate for internal users. The “Calculated Billing Rate for Applicable FY” is based on inputs from all other sections of the worksheet and provides audit support to the government that the recharge operation has a methodology in place to ensure the government is not overcharged for goods/services. Once this rate is calculated the recharge must determine what rates will be charged to internal and external users. It is recommended that the rates input into the Established Billing Rates be completed while also reviewing the section “Reconciliation to Budgets.” The Reconciliation to Budgets section provides information on what rates/subsidies are needed to achieve a breakeven status.

A few important reminders when determining the Established Billing Rates for Applicable FY:

• University of Chicago internal users must be billed at a rate **equal to or less than** the “Calculated Billing Rate for Applicable FY.” Billing at a rate lower than the calculated rate indicates that costs will either be recovered by a subsidy or higher rates charged to external customers.
  
  • If the recharge provides volume discounts for a service (ex. $100/unit for 0-25 units, $75/unit for 26-50 units, $50/unit for 51-75 units, etc.), the recharge may enter the weighted average rate in the internal user established billing rates to compare to the calculated rate (rather than the highest rate charged) **only if**:
    
    • Discounts are offered to all users (no discrimination)
    
    • Recharge is not recovering more than total cost in any FY (i.e. breaks even or has a deficit that is subsidized)

• All University of Chicago internal users must be billed at the same rate (by service).

• External User rates can be higher than the calculated rate in order to cover any budget shortfalls with subsidized internal costs. As recharge operations should operate at a breakeven status, the rate charged to external users should not be so high as to continually cause surpluses for the recharge operation.

**CURRENT YEAR EXTERNAL VS INTERNAL REVENUE:** This is a new tab that is used to estimate the amount of current year revenue that was generated based on the difference between the internal rate and external rates. If the recharge has no external customers or the external rates are the same as the internal rates, this tab is not needed. It is also not needed (but may be useful for recharge records) if the unallowable fringe benefit expense is transferred to a non-recharge account or is covered by a subsidy.
This tab is primarily used to check to make sure that the additional revenue from external customers covers the unallowable fringe benefit expense charged to the recharge account when the cost is not transferred off or subsidized.

**Utilization**
The current year utilization comes from the Summary Rate Calculation tab. It is important that the current year utilization amounts by user type and service are as accurate as possible. This information should be maintained by the recharge operation based on service requests.

**Rates**
The current year rates by user type and service should be manually entered by the recharge. These should tie to rates on the recharge website or price list.

**Revenue**
The revenue is calculated using formulas that multiply the utilization by the rates.

**Additional Revenue Over Internal Rates**
The additional revenue is calculated using formulas that calculate the revenue using internal rates for all users and subtracting it from the revenue generated using actual rates.

Total estimated additional revenue for the current year is compared to the unallowable fringe benefit expense for the current year (coming from the SD in Aggregate tab). If the additional revenue is greater than the unallowable fringe benefit expense, the message will say “OK-FB Covered by External Revenue”. If the additional revenue is less than the unallowable fringe benefit expense, the message will say “FB Not Covered by External Revenue”. In this case, the recharge should subsidize the portion of the FB expense that is not covered.

There is a check at the bottom of the page to make sure that the revenues calculated in this tab are close to actual revenues charged to the recharge account year to date plus estimated remaining revenues.

There are 4 cells that require data entry to break out the revenue in the SD in Aggregate by internal and external. Recharges should be able to do this for revenue already charged to the recharge based on the revenue subaccounts. Revenue subaccounts 0800/0819 is used for external revenue and 0820/0899 is used for internal revenue. The breakout of the revenue not yet charged would need to be estimated.

**BUDGET TEMPLATE:** This tab is used to assist in the creation of a three year budget for the recharge operation. Column F corresponds to the next year’s budget. The expense data will prepopulate from the previous tabs. The revenue section should correspond to the “Project Revenues from Services” section on the Summary Rate Calculation tab. The two subsequent years budget projections should be manually populated based on anticipated revenues and expenses in those subsequent periods. The estimated year-end (surplus)/deficit should be zero.
Appendix A: Allowable versus Unallowable Costs

Allowable Costs
Generally, direct operating costs associated to the recharge operation are considered allowable.

- Salaries and wages of employees working for the recharge operation (Note: Salaries/wages of administrative support staff for the recharge, such as the billing specialist, is allowable. Salaries/wages of general administrative or central administrative staff is not allowed.) All salaries and wages for recharge effort should be charged to the recharge account (except in cases where the recharge is subsidized by a sponsored award). If salaries are to be subsidized by the department, they should initially be charged to the recharge account and then a subsidy brought in from departmental funds.
- Fringe benefits for the Benefits Eligible – Federal Rate or Benefits-Ineligible employee rate (the fringe benefit rates are available at the URA website: http://ura.uchicago.edu/).
- Supplies and Materials (consumables)
- Equipment Service Contracts
- Equipment Depreciation
- Repairs and Maintenance
- Sub-contracts and Other Outside Services

Unallowable Costs
For purposes of calculating recharge rates, certain costs are deemed unallowable by the government and should not be factored into the rate calculation template (please also refer to University Policy 1013: Unallowable Costs for additional information on the costs below). Unallowable costs should be charged to a non-recharge FAS account. The following are unallowable costs:

- Advertising Costs
- Alcoholic Beverages
- Alumni Activities and Relations
- Automobiles and Other Transportation for Personal Use or Benefit of Employees
- Bad Debt Losses
- Business Meals and Social Activities*
- Commencement and Convocation Ceremony Costs
- Contingency Provisions
- Equipment Purchases**
- Fines and Penalties
- Fundraising Costs
- Fringe benefits in excess of Benefits Eligible – Federal Rate
- GEMS Card Charges (subaccount 9910/9913)
- GEMS Card Bank Service Charges
- Gifts to Employees
- Housing and Personal Living Expenses for University Offices
- Institutional Donations and Contributions
- Interest Costs for Internal Loans
- Investment Management Costs
• Lobbying Costs
• Membership for Civic, Community, Social, Travel or Dining
• Miscellaneous Charges (subaccount 9912)
• Pension Costs
• Public Relations
• Student Activity Costs
• Travel costs in excess of lowest available commercial discount airfare, Federal Government contract airfare or customary standard (coach or equivalent) airfare
• Trustee Expenses
• Costs included in the F&A calculation:
  o Building Depreciation
  o Interest
  o Operations and Maintenance (*some exceptions for extra service*)
  o Library
  o Central Administrative Expense (i.e., Payroll/HR)

*Business Meals and Social Activities are sometimes unallowed costs on federal grants and alcohol is never an allowable expense on federal grants. As such, the University recommends that business meals and social activities only be charged to a recharge FAS account if they are integral to the services being rendered to customers.

**Equipment is not an allowable cost on recharge accounts; however, a recharge operation is allowed to include associated equipment depreciation expense in their rate calculation. For additional information on depreciation, refer to the Recharge Procedure Manual.