
ESTABLISHMENT OF RECHARGE RATES

This procedure summarizes the process for approval of a campus recharge rate.

Federal OMB Circular A-21 outlines the cost principles for universities applicable to direct and indirect costs charged to federally sponsored projects. Under A-21 institutions are permitted to charge back to sponsored projects, costs for goods or services that may be provided by the university. Regulations do not permit profit or other increases above cost. The charge should be established at a level that recovers actual costs and does not discriminate between federal sponsors and other users. Examples of recharge or service centers are computing costs, animal care, publications, printing, mail and use of specialized equipment or facilities.

NOTE: In view of the complex compliance requirements and the questions of allowable costs used in recharge rates, we recommend contacting the Director, Sponsored Funds Administration, to discuss potential service recharges.

The general procedure for requesting a recharge for service and/or facility is as follows:

- (1) Request for recharge is forwarded to Director, Sponsored Funds Administration through the Department Chair and/or Dean's Office. Requestor should include comprehensive cost information including for specialized equipment, purchase price, estimated useful life, yearly maintenance and supplies, and personnel costs, if any. All recharge requests need to document cost components.
- (2) The Director, Sponsored Funds Administration, will review the request and determine if similar campus recharge rates have been established. The Director will review the request for appropriateness, determine if federal funds were included with the cost of the recharge service or facility, and examine regulatory and recharge guide books for guidance. The Director will determine if it is reasonable for the recharge activity to be administered through the Research Foundation.

If sufficient information has been provided, the Director will determine the proposed rate or confirm the rate requested. The proposal will be forwarded to the Operations Manager for Research Foundation endorsement. The Director, Sponsored Funds Administration, will forward the proposal to the Director of Internal Audit for final independent review.

- (3) The Director of Internal Audit, using AICPA guidelines and OMB A-21 cost principles, will confirm or propose an alternative rate. At this phase discussion between the Director, Sponsored Funds Administration, Director of Internal Audit and requestor may ensue to reach agreement on a proposed rate. Once a rate approval is reached, the recharge agreement is finalized and endorsed by the Vice President for Administration. The Department and Dean's Office must agree to the rates and terms and conditions for all agreements.
- (4) The Directors of Internal Audit and Sponsored Funds Administration will work with the Research Foundation to insure any recharge areas are removed from the indirect cost base if necessary.