Schedule of Charges

Contact Persons:
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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
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.
Anytime a department is selling a service, product, or by-product to internal or external customers.
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/](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
If the amount of an established rate is changing, amount of change should be preceded by either ↑ or ↓

Note unit of measure

Enter amounts here from Justification Form(s)
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

<table>
<thead>
<tr>
<th>Submitted:</th>
<th>Recommended:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Department Head</td>
<td>Date</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Dean or Director</td>
<td>Date</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As of the date of final approval below, the charges listed above are hereby authorized for the products or services listed.

<table>
<thead>
<tr>
<th>Approved:</th>
<th>Approved:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Approved:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assistant Vice President For Financial Services</th>
<th>Vice President for Admin. &amp; Finance For The President</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Date</td>
</tr>
</tbody>
</table>

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
Refer to the Schedule of Charges Tools for more information
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](http://www.k-state.edu/research/preaward/fringe.htm)
- Verify salary rate via HRIS
<table>
<thead>
<tr>
<th>Employee ID/Name/Job Title</th>
<th>Salaries</th>
<th>Benefits</th>
<th>Total</th>
<th>Average Hourly Rate</th>
<th>Hours Per Unit</th>
<th>Employee Total Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>W000099999/Willie Wildcat/Student</td>
<td>8.00</td>
<td>0.10</td>
<td>8.10</td>
<td>8.10</td>
<td>0.75</td>
<td>6.08</td>
</tr>
<tr>
<td>W000011111/Jamie Wildcat/Professor</td>
<td>40,000</td>
<td>14,000.00</td>
<td>54,000.00</td>
<td>33.75</td>
<td>0.50</td>
<td>16.88</td>
</tr>
</tbody>
</table>

Total Salaries, Wages & Benefits Costs per Unit

<table>
<thead>
<tr>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.96</td>
<td>22.96</td>
</tr>
</tbody>
</table>
Supplies, Materials & Miscellaneous

- Include details for any calculations
- Example: 1 Gear at $5.00 each
  - Provide calculations in description area if needed
<table>
<thead>
<tr>
<th>Description</th>
<th>Supplies</th>
<th>Total Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gears, Bells &amp; Whistles</td>
<td></td>
<td>5.00</td>
</tr>
<tr>
<td>Packaging</td>
<td></td>
<td>0.30</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Supplies, Materials &amp; Misc Costs per Unit</th>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.30</td>
<td>5.30</td>
</tr>
</tbody>
</table>
Maintenance &/or Software Lease Agreements

- Include details for any calculations
- Determine amount applicable to SOC being calculated
## Maintenance &/or software Lease Agreements

<table>
<thead>
<tr>
<th>Description</th>
<th>Yearly Cost</th>
<th>Total Use per Year</th>
<th>Average Cost</th>
<th>Use per Unit</th>
<th>Agreements Total Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fabricator (annual maintenance fee)</td>
<td>5,000</td>
<td>300 hr</td>
<td>16.67</td>
<td>0.50</td>
<td>8.33</td>
</tr>
</tbody>
</table>

Total Agreement Costs per Unit

<table>
<thead>
<tr>
<th></th>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.33</td>
<td>8.33</td>
</tr>
</tbody>
</table>
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.*
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)

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Cost</th>
<th>Life (Yrs)</th>
<th>Annual Depreciation</th>
<th>Total Use</th>
<th>Average Use per Year</th>
<th>Use per Unit</th>
<th>Equipment Total Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>123456 Fabricator</td>
<td>80,000.00</td>
<td>8</td>
<td>10,000.00</td>
<td>300 hr</td>
<td>33.33</td>
<td>0.50</td>
<td>16.67</td>
</tr>
</tbody>
</table>

Total Equipment Depreciation Costs per Unit

<table>
<thead>
<tr>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.67</td>
<td>16.67</td>
</tr>
</tbody>
</table>
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%.
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.
<table>
<thead>
<tr>
<th>Indirect Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate from top of form: 35%</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total Unit Cost and Fee/Service Rate Charged (Place on Schedule of Charges)</td>
</tr>
</tbody>
</table>
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.
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?
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?
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.