

22 Account User's Guide

The purpose of this user's guide is to provide guidance to campus on setting up new 22 (General Operations) accounts. Your Campus Service representative can answer any questions you might have or provide further assistance if required.

Definitions:

Billing Rates – The amount charged to a user for a unit of product or service. Billing Rates are usually computed by dividing the total annual costs of service by the total number of billing units expected to be provided to users of the service for the year.

Billing Unit – The unit of service provided by self-funded activity. Examples of billing units include hours of service, animal care dates, test performed, machine time used, etc.

Business Plan – The Business Plan offers a means of communicating plans to others and provides the basis for cost recovery. The 22 account Business Plan will include the following sections: General Description, Market Analysis, Revenue and Expense Analysis, and Additional Considerations. Billing Rate Calculations and a Three-Year Projection are included as separate documents at the time the Business Plan is submitted.

Deficit – The amount that the cost of providing a service exceeds the revenue generated by the service in a month and/or fiscal year.

Direct Cost – The direct costs are those costs that can be identified specifically with a particular final cost objective (UG 200.413). Only cost directly related to the work performed or supplies purchased may be charged as direct costs. These costs include salaries, wages, and fringe benefits of University faculty and staff directly involved in providing the service, travel expenses, materials, supplies, purchased services, equipment rental or depreciation, interest associated with equipment acquisitions, etc.

Fiscal Officer (FO) – The individual in the day-to-day financial role of the account that approves the KFS documents related to the account. The FO is the contact person for any questions regarding balances or billings on the account.

General Operation Account (GENOP) – The General Operation accounts are for goods and services provided to students, faculty, staff, and the external community which are created as a result of operations of a self-supporting nature, and which are substantially related to the University's mission of instruction, research and public service. This account records external revenue but can also record internal revenue of similar activity if a 21 account does not exist for the activity and the internal revenue is under \$5K in amount. This account can never charge a Sponsored (53) account. This account can have both direct and indirect cost. The account number begins with a 22.

Indirect Cost – The indirect costs are those costs that cannot be identified specifically with a particular cost objective. For example, salaries of administrative and clerical staff that cannot be directly linked to the project are indirect as they have no direct relationship to the work performed. (UG 200.414)

Kuali Financial System (KFS) – Kuali is the general ledger system of record for financial transaction and reporting of the University, containing offsetting debit and credit entries.

Object Code -- An object code refers to a specific classification of a transaction, such as revenue or expense, and asset or liability and that describes the nature of the transaction (e.g. goods or services purchased, type of revenue received, etc.). Object codes must be four numeric characters in length. A complete object code listing can be found on the Business and Financial Services website.

Recharge Center (RECHAR): The purpose of the Recharge Center (aka Recharge account) is to provide goods or services to multiple users, both internal and possibly external (if under \$5K in amount), which are in alignment with the mission of Colorado State University. Recharge accounts should be revenue neutral, meaning the revenues should not exceed the costs of the center on a rate-by-rate basis. The user fees charged for use, or services provided by the center, must be based on actual costs on a rate-by-rate basis. The charges can only be for direct costs. Revenue in these accounts should be coded to internal revenue object codes (48xx-49xx) and broken down by rate. Up to a two-months' working capital balance is allowed within the account, however, this would be the summation of all the Rates surpluses and deficits. Surplus/deficits typically are taken into consideration in future Billing Rates. All deficits are the responsibility of the department and can be subsidized by another account if the department chooses not to resolve deficits by calculating the deficit into future Billing Rates. If the Recharge account needs to purchase equipment that will put the account in deficit by \$50K or higher, the Controller will need to review and approve the account to be in deficit over the life of the equipment. Campus Services will review and approve all other equipment purchases. Contact your Campus Services representative for more information. The account number begins with a 21.

Sponsored Accounts – The Sponsored Accounts are federal, state, and private contracts, grants and agreements and are defined by the signed funding document. The funds are to be expended for the purpose specified by the external sponsor and must be allowable according to the signed agreement under which funding is awarded and/or guidance provided by the funding entity. The account number begins with a 53. 22 accounts can never charge a sponsored (53) account.

Surplus – The amount that the revenue generated by a service exceeds the costs of providing the service during the fiscal year.

New Account Requests:

Before submitting the Business Plan, Billing Rates, Three-year Projection, Market Analysis, Unrelated Business Income Tax (UBIT) form, and the Fund Budget Request Form, the department should first assess the viability of the activity. There must be reasonable assurance that the external business venture will generate the necessary revenue required to cover the operating costs. The anticipated revenue should also be \$5,000 or more.

Before a new 22 (General Operations) account is requested, confirm the activity should not be a 53 (Sponsored Account) instead. If there is federal verbiage, publications and/or debt ownership, or the issuing/writing of reports, these are good indicators the activity should fall under a 53 account instead of a 22 account. Work with your Sponsored Programs account tech to confirm the activity does not fall

under a 53 account. If you are unsure of who your account tech is, contact your Campus Services representative to have them help determine your account tech.

New account requests need to include a Business Plan, Billing Rates, Three-year Projection, Market Analysis, completion of the Unrelated Business Income Tax (UBIT) Form, and a Fund Budget Request Form with appropriate signatures. The Market Analysis should compare Billing Rates to external competition within the area to confirm the new activity will not undercut competition's rates. Once all documentation is approved by the department the documents should be emailed to Campus Services for approval. New 22 accounts need to be approved by Campus Services, the Controller, and Tax Services. The department should contact Tax Services at bfs_tax_services@Mail.Colostate.edu for the UBIT form. After Tax Services has provided their approval, send all documentation (Business Plan, Billing Rates, Three-year Projection, Market Analysis, Fund Budget Request, and tax approval) to your Campus Services Representative. Campus Services will route the request to the Controller for the final approval after they have reviewed.

After final approval, Campus Services will send an email to the requestor to inform them the documents have been approved and the Kualu Account document can be created. The Business Plan, Billing Rates, Three-year Projection, Market Analysis, Fund Budget Request Form, and account create approval email need to be attached to the Kualu Account document. All documentation should be attached in PDF format. The UBIT form is an electronic submission that is kept on file, there is no need to attach the UBIT Form to the Kualu Account document.

Review of 22 Accounts:

Campus Services reviews the balances in 22 accounts monthly to ensure the account is not in deficit. If the account is in deficit, Campus Services will contact the Fiscal Officer on the account for an explanation of the deficit. If an account deficit is substantial or recurring, a revised Business Plan and Billing Rates will be required to be reviewed/approved by Campus Services. All deficits need to be resolved, either by covering at fiscal year-end or by increasing Billing Rates enough for the new fiscal year to cover the prior year deficits. Coverage of 22 account deficits typically are done by using 16 (RARSP) funds, 64 (GIFT) funds, or 22 (GENOP) funds. 13 (EG) funds should not be used to cover 22 account deficits.

Business Plan and Billing Rates:

A Business Plan offers a means of communicating plans to others and provides the basis for cost recovery. The process of putting a Business Plan together encourages the Fiscal Officer to take an objective and critical look at the business. A Business Plan becomes an operating tool to help manage the business and make it successful.

The Business Plan is in a narrative format and serves as a foundation document for reference as the business evolves. It provides a guide for monitoring how well the business is meeting its original objectives and helps identify any variances caused by changes in the business activity. A 22 Business Plan should include the general categories: General Description, Market Analysis, Revenue and Expense Analysis, Additional Considerations, Billing Rate Calculation, and Three Year Projection. Additional documentation needed for the account create is the completion of the Unrelated Business Income Tax

(UBIT) Form and the 22 Fund Budget Request Form. Note that the Billing Rate Calculation is preferred to be on a separate document. Make sure to write the Business Plan in paragraph format.

A. General Description

This section should briefly describe the business activities and the goods or services offered by answering the following questions.

1. What is the service/product?
2. Who will use it (external customers or both external/internal customers)?
3. What other products do you plan to develop?
4. How does this activity relate to the mission of the university, college, or department?
5. Who will oversee the operation (include position title)?
6. What assumptions are you making about the economy or other related factors that may impact your projections? Identifying and monitoring these factors will help anticipate needed changes in operations.
7. If this account is in deficit, what account would cover the shortfall? A 16, 64, or 22 account are the primary accounts that cover shortfalls in 22 accounts.

B. Market Analysis

This section should include a comprehensive review of the target market and should assess whether the product/service demand warrants establishing a new activity. Although this review is subjective, billings to customers must ultimately cover expenses incurred. Therefore, it is imperative to determine whether sufficient sales/revenue potential exists to ensure the ongoing viability of the activity.

For a 22 account, rates must be calculated to assure that they are fully costed (direct and indirect costs), not subsidized by general funds. Colorado's statute on competition with private enterprise (C.R.S. §24-113-104) requires that:

- Any good or service offered to anyone other than students, faculty, staff and invited guests of the University, if offered through a competitive bidding process, must offer a valuable educational or research experience for students as a part of their education or fulfill the public service mission of the institution; and
- Any bids by CSU shall include all direct and indirect costs of providing the good or service unless the agency receiving the bid requires all bidders to use a specific procedure or formula.

There are exceptions to these requirements for "facilities for recreational, cultural, and athletic events or facilities for food services and sales." Contact the Office of Policy and Compliance or the Office of General Counsel for assistance in applying these rules.

Analyze your market by answering the following questions:

1. Who is the current client base?
2. How do you reach clients?
 - a. Will there be advertising costs? What other methods will be used to reach clients (referrals, emails, etc.)?
3. How does your product/service meet the market need?
4. Could changes in your product/service better meet the market needs?

5. Who is your competition? How do your charges compare with the competition? A Competition Analysis needs included as part of the account creation process.
6. Is this cost-prohibitive (does it exceed revenue)?
 - a. If yes, you will not want to move forward with the request unless costs can be reduced.
7. Are there any patent or license issues related to the activity?
8. If this account is in deficit, what steps will the department take to resolve the deficit?

C. Revenue and Expense Analysis

Identify all revenues including external, internal revenue (under \$5K in amount), and other state agency customers. Identify all expenses required to deliver goods and/or services. These expenses include direct labor and operating expenses required to produce the goods or services. These revenues and expenses will be itemized on the Fund Budget Request Form.

The following questions may help develop the Revenue and Expense Analysis:

- Does this activity provide services/products for both external customers and internal customers? If yes, which of the following methods will be used to record revenues and expenses?
 - Operate out of a 21 account and bill the 22 account. Please identify the 21 and 22 account.
 - Operate out of one account where internal revenues in the 22 account are less than \$5,000. 22 accounts cannot bill 53 accounts. To bill a 53 account, a 21 account must be created or the 53 can not be charged.
- Are the revenues and expenses evenly distributed over the fiscal year (July-June)?
 - If no, please explain (e.g., costs accumulate monthly but project billings occur quarterly).
- How does the account plan to bill external customers?
 - Do you use the Banner Commercial Accounts Receivable System?
 - If not using Banner, do you have an in-house system to maintain records of these billings?
 - Are you recording these as receivables on the Quali Financial System? Receivables should be booked monthly.
- Does this activity use equipment?
 - If yes, was the equipment purchased from this account?
 - If no, what account purchased the equipment?
 - Is the cost of the equipment included in the Billing Rate?
 - Contact Property Accounting to ensure the proper accounting is done for the equipment (if greater than \$5,000)
- Does this activity have inventory?
 - If so, how often is the inventory counted to verify accuracy of records? What additional steps are being taken by the department to confirm inventory at the end of the fiscal year is accurate?

D. Additional Considerations

The following questions may be helpful in developing this section:

- Do the activities produce or use hazardous materials? If so, Environmental Health Services should also review your Business Plan. Include a description of any hazardous waste that will be produced, and any hazardous materials to be used.

E. Billing Rates

Billing Rates are calculated to ensure cost recovery. Review Billing Rates annually and adjust for any changes. Updates to the Billing Rates need to be sent to Campus Services for review and approval prior to using. Although billing rates should be reviewed yearly, many times departments choose not to update the Business Plans and Billing Rates. Campus Services requires an updated 22 account Business Plan and Billing Rates on file at least every five years. Billing Rates are developed using one-year financial and operating data. Normally this period is the University's fiscal year (July 1 – June 30), but the activity may require another appropriate period. When considering another base period, please explain why the alternative is necessary. It is the Fiscal Officer's responsibility to retain schedules of current and past Billing Rate calculations. Billing Rates should also include more than just a list of numbers. It needs to be evident how those numbers were calculated.

Example, if an employee works on an account full time and has a salary and fringe of \$50,000 and we want to get their hourly rate to charge, we will divide by productive hours (2,080 hours less vacation, sick leave, etc). In this example, we will assume that productive hours are 1,800. That gives us \$27.78 per hour for a rate. In the Billing Rate calculation, we would show the salary and fringe and how we got to the hourly rate as stated in this example.

Identification and recording of all applicable expenses incurred by the activity (rates) are the responsibility of the Fiscal Officer. For Billing Rate calculation purposes, expenses are categorized as either direct costs or indirect costs. Direct costs are those expenses that can be identified and charged directly to the job, such as labor plus employee fringe, equipment depreciation, and/or materials used directly on the job. Indirect costs are those expenses that cannot be identified with a specific job, and therefore, are prorated to all jobs. Indirect costs are allowable on 22 accounts. All expenses charged for the activity need to be included either as direct or indirect costs.

KFS can be used to calculate updated Billing Rates. KFS allows a user to look at the account on a summary, object code, or transaction level detail. This should be included to support the Billing Rate. If this is a new account request with no history, details of the numbers that make up the Billing Rates are required as support.

General Billing Rate Calculation and Explanation:

The following general format is an example for determining a break-even calculation between revenue and cost for each activity. Descriptions of each component follow the format example. Detail behind each line item should be provided in the calculation (e.g., who makes up the labor along with the hourly cost, what materials are involved, etc.). This calculation should be determined for each Billing Rate.

Note: This is just to determine the minimum rate to break-even between revenue and cost for an activity. We should at least charge the same as external competition. In the below example, we would need to at least charge an hourly rate of \$23.28/hour to not have a deficit within the 22 account. If competition charges \$20.00/hour, customers will find their rate more attractive. We either need to reduce costs to lower our Billing Rate to charge, or not offer the activity at all if we feel customers will go to competitors due to the lower rate.

In another example, if the external competition charges \$25.00/hour for the same activity, we are efficient enough to offer the same rate as them if our break-even is \$23.28/hour. We would not want to undercut competition, so we should at least set our rate to be \$25.00/hour.

		Enter Service/Product 1 Description and Amounts			
		Liquid Sample Fee			
Description	Employee Annual Labor and Applicable Fringe Amount	Yearly Amount for Service/Product	Labor Allocation %	Annual Total	Monthly Total
Labor:					
Engineering Graduate Student	32,000.00	1,792.00	5.60%	1,792.00	149.33
Salary Subtotal				1,792.00	149.33
Supplies:					
Setup Supplies		200.00		200.00	16.67
Tsetting Supplies		200.00		200.00	16.67
Software		110.00		110.00	9.17
Supplies Subtotal				510.00	42.50
Services:					
N/A				-	-
Services Subtotal				-	-
Depreciation/Recharge:					
N/A				-	-
Depreciation/Recharge Subtotal				-	-
Total Cost				2,302.00	191.83
Subsidy (for 21 accounts only)				-	-
Total Cost for Service/Product after Subsidy but Prior to External G&A Fee. See Below External Section for G&A Fee.				2,302.00	191.83
Total External Revenue for Service/Project				2,820.37	235.03
External G&A Fee				517.95	43.16
Yearly External Surplus/(Deficit)				0.42	0.04
External Activity Calculations					
Enter Total Hours Available/Year		121			
If Applicable, Enter Number of Samples/Services Per Hour					
Additional Upcharge/Profit %					
Projected External Account Beginning Fund Balance on 7/1/2021	0.00				
Projected External Beginning Cash Balance on 7/1/2021	0.00				
External Minimum Rate/Hour (Prior to Upcharge/Profit)				23.28	
External Additional Upcharge/Profit Per Hour				-	
Revised External Hourly or Per Service Rate				23.28	
External Rate Per Sample				N/A	

***Billing Rate Templates can be found on the [Campus Services Website](#) but departments can also choose to create their own.

Component Descriptions:

Labor/Time – Labor costs for workers involved directly and indirectly with the activity. Cost of applicable fringe benefit rates are included. Each worker has a labor amount for the year and applicable fringe of \$xx. An allocation % should be determined for the time that worker will be

working on the 22 account for that product/service. The amount to recognize is calculated by multiplying "Labor and Applicable Fringe" x "Allocation %". In the above example, the Engineering Graduate Student's pay amount is \$32,000 and 5.60% of his time is spent on the Liquid Sample Fee. The amount to recognize for cost is $\$32,000 \times 5.60\% = \$1,792.00$. No indirect labor is listed in this example, however administrative support would be an example of indirect time that could be charged. The individual helps with the activity, but we cannot necessarily directly link their time to a specific product/service.

Supplies – Raw supplies/materials needed for the product or service offered. Supplies are recognized at actual cost. Costs may be treated as indirect supply costs can be charged to the 22 account. In the above example, \$510 of supplies/materials are reflecting for the Liquid Sample fee rate. Examples of indirect supplies the department may also decide to build into the rate would be paper and pens.

Services – Services that are required for the rate. In the above example, no services are needed for the Liquid Sample Fee. An example of services may be if CSU needed to ship out the liquid sample to an external vendor for additional analysis.

Depreciation/Recharge – Equipment purchases on 22 accounts will be spread out over the life of the equipment and a monthly charge (i.e., depreciation/recharge) will post to the account for the equipment. This cost should be built into the specific Billing Rates that the equipment is used for.

Other Costs – Other direct and indirect costs include additional items not listed in the other sections that are needed for the activity. A line item should be added for each additional line item.

Subsidy – Building a subsidy into 22 account billing rates should not be done. A 22 account billing rate should factor in all direct and indirect expenses so CSU does not undercut competition.

University G&A Overhead Fee – A 22.5% General and Administration Fee is charged by Central to 22 accounts. This calculation is determined by factoring in the cost to complete the 22 activity multiplied by 22.5%. This calculation occurs on the monthly expenses within a 22 account. In the above example, central will charge the account \$517.95 of additional expense for offering the activity ($\$2,302.00 \times 22.5\%$). This fee helps to cover campus overhead costs that are impacted by 22 account activities.

Total Cost – The total of expenses that can be specifically identified with the product or service. In the above example, \$2,819.95 of cost can be identified to the Liquid Sample fee rate.

F. Three Year Projection

Creating a three-year time-period gives the Fiscal Officer an opportunity to review and predict the account's status in the future. When completing a Three-year Projection for the first time, information is based on a sound estimate of production volumes and operating expenses on a rate-by rate-basis and will be submitted to Campus Services as part of the account create review. After the first year is completed (or close to completion), actual data can be used to

assist with the ongoing projections. Updated projections do not need to be sent to Campus Services but should be used internally within the department to predict future outcomes within the 22 account.

Projections are normally summarized by revenue and expense categories. Revenues should be split between product categories by each good or service. Expenses are usually categorized as salaries, supplies, travel (if applicable), services, and University G&A overhead. These categories are similar to those used when entering budget information during the budget construction process. All these line items should provide necessary detail on what makes up those amounts needed (e.g., salary information per individual, what supplies/materials are involved, travel anticipated, etc.).

The second-year and third-year projections should be based on anticipated increases/decreases in revenues or expenses (e.g. employee raises is an example of an expense increase). It most likely will be necessary to update Billing Rates yearly as the new year approaches based on changing expenses.

Fund Budget Request Form:

Budget amounts are calculated by reviewing expected activities for the upcoming year. Prior year activities provide a guideline for current year budgets. Budgeted numbers are adjusted to reflect any changes in the activity such as additional staff.

The Fund Budget Request Form is divided into categories that coincide with the KFS Object Type Code Classifications. Various object codes are rolled into one object code for budget recording purposes. When completing the Fund Budget Request form, refer to the three year projection (completed in the above step) for completing the different categories. Categories either fall into Revenue or Expense.

Revenue is the compensation received for the products or services provided. For external revenue received via cash, check, credit cards, or accounts receivable billings use object codes 43xx-44xx. Make sure to book the Receivable/Revenue accrual if you don't think a customer will pay right away. Contact Campus Services if you have any questions on doing this.

Expenses are the costs (including salaries) associated with the products or services provided by the activity.

Unrelated Business Income Tax (UBIT) Form:

For all 22 account requests, CSU Tax Services likes to review the Business Plan to confirm Unrelated Business Income Tax does not need to be collected. Departments will complete a form provided by Tax Services so they can better understand the 22 activity. Contact bfs_tax_services@Mail.Colostate.edu to complete this step of the 22 account request process. Tax Services will contact your department annually to collect a new UBIT form.

22 Accounts Checklist

- ___ Assess the viability of the activity.
- ___ Does the activity fit with the mission of the University?
- ___ Is the activity for external customers?
- ___ Write Business Plan.
- ___ Complete Market Analysis to confirm Billing Rates are at least as high as competitors.
- ___ Complete Unrelated Business Income Tax (UBIT) questionnaire.
- ___ Create Billing Rate calculations.
- ___ Create Three-year Projection.
- ___ Complete 22 Fund Budget Request Form.
- ___ Where is the activity currently taking place if it already exists?
- ___ If activity involves purchasing equipment, what account will fund the purchase?
- ___ Does your department have TWARDUS access for billing through the University Accounts Receivable system?
- ___ Does your Fiscal Officer or Accounting Tech have Quali access for processing deposits to the University cashier's office?
- ___ Will the 22 activity accept credit cards? If so, contact Banking Services to get the credit card terminal set up.

Example Business Plan

Testing Laboratory

A. General Description:

The Testing Laboratory was established to provide testing services for various internal and external users. The Lab concentrates on providing services to external customers. However, internal customers may use the services as needed. If the revenue from internal customers exceeds \$5,000 annually a 21 (RECHAR) account will be created for this activity. External activity (22 account) will not be charged to 53 accounts.

The Lab supports the mission of the University by providing an on-campus facility that specializes in and is an integral part of the research occurring on campus. Nearly every science and engineering department on campus uses the facilities of the Lab. In addition, graduate students are allowed to perform sample testing in the Lab, after proper training, in order to provide experience in a working environment. In conclusion, the Lab not only provides testing services but also plays a major role in teaching and outreach programs for the people of Colorado.

The Lab's manager is a testing expert and oversees the daily operations and supervises all assistants. The manager reports to the head of Research Operations.

Several assumptions are made about the economy and related factors that may impact the Lab's operation:

- The need for specialized testing will be ongoing
- Based on location, the Lab will continue to draw users as the closest lab to also offer these services is based in Colorado Springs

B. Market Analysis:

The current client base is primarily external. New clients are obtained by referrals from other clients. The market's needs are met by providing testing at a reasonable costs to the client, but still at a competitive rate to the lab in Colorado Springs. Changes in the services provided could better meet the market's needs. The changes would include an upgraded computerized testing program to speed up service to clients. In addition, networking the Lab could also save time.

Competition includes other laboratories in the geographic region with the closest being in Colorado Springs. The majority of our charges are similar, if not higher than private labs because of the smaller number of samples received; this causes the cost to be higher per sample. For pricing from the private lab please visit their website. We plan to have the revenues exceed the expenses.

As the Lab costs increase, fees will be adjusted to cover the additional expenses.

C. Revenue and Expense Analysis:

Historically, revenues and expenses have been evenly distributed over the fiscal year. Slight increases in activity are anticipated in the summer months. However, the impact is minimal. External demand will cause revenues to exceed the \$5,000 University limitation of revenue necessary to open a recharge 22 account. External customers will be billed through the University Commercial Accounts Receivable system on a monthly basis and recorded in this account.

Equipment was originally purchased in the 13 E&G account, but will be moved to this account and the 13 account will be reimbursed the costs of the equipment.

Supplies are purchased as needed and expensed. We do not anticipate having inventory in this account.

D. Additional Considerations:

The Lab produces hazardous waste. Environmental Health Services was consulted when the Lab was established and has continued to review our activity. Hazardous waste disposal services will be allocated to the appropriate rates.

Historical Billing Rates are retained based on documentation retention requirements.

Financial 3-Year Projection Example:

	Year 1	Year 2	Year 3
Beginning Balance	-	23,352.02	47,167.37
Xxxxxx Revenue	250,380.00	262,302.85	274,793.18
Xxxxxx Revenue	57,555.00	60,295.71	63,166.93
Xxxxxx Revenue	85,503.00	90,511.44	95,804.88
Total Revenue	393,438.00	413,110.00	433,765.00
Expenses (Costs):			
Employee A	75,411.00	79,181.55	83,140.63
Employee B	70,500.00	74,025.00	77,726.25
Employee C	55,400.00	58,170.00	61,078.50
Employee D	82,300.00	86,415.00	90,735.75
Total Salaries, Wages	283,611.00	297,791.55	312,681.13
Supply xxx	1,575.00	2,000.00	2,500.00
Supply xxx	400.00	500.00	550.00
Supply xxx	2,200.00	2,500.00	2,800.00
Supply xxx	3,700.00	4,000.00	4,500.00
Total Supplies	7,875.00	9,000.00	10,350.00
Service xxx	4,250.00	4,500.00	4,800.00
Service xxx	6,375.00	6,500.00	6,900.00
Total Services	10,625.00	11,000.00	11,700.00
Total Expenses Prior to G&A	302,111.00	317,791.55	334,731.13
G&A 22.5%	67,974.98	71,503.10	75,314.50
Total Expenses Including G&A	370,085.98	389,294.65	410,045.63
Fund Balance as of June 30th	23,352.02	47,167.37	70,886.74

Billing Rate Calculation Example. In this example, only one Billing Rate was needed. If additional Billing Rates are needed, additional tabs can be added. This is another example of a billing rate spreadsheet offered on the [Campus services website](#).

RATE WORKSHEET

Personnel costs associated with this instrument/service area. Cut and paste personnel information from the Salary Worksheet - insert additional lines as needed.

Personnel	Salary & Fringe	% effort expended by personnel on this instrument/Service area	Cost per fiscal year	Comments
Employee A	\$75,411.00	100.0%	\$75,411.00	
Employee B	\$70,500.00	100.0%	\$70,500.00	
Employee C	\$55,400.00	100.0%	\$55,400.00	
Employee D	\$82,300.00	100.0%	\$82,300.00	
			\$0.00	
Total:			\$283,611.00	

Service Contract and/or estimated cost for repair and maintenance - If service contracts are not used and repair costs are anticipated to occur at intervals longer than one year include the estimated amount/fiscal year.

Type (Service Contract or Other)	Cost per fiscal year	Comments
Service A	\$4,250.00	
Service B	\$6,375.00	
Total	\$10,625.00	

Expenses specific to this instrumentation/service. Expenses in this section could include supplies, consumables (gloves, tips, gas, columns, reagents), computers, software, etc. that are only incurred due to this specific instrument/service area.

Expense Type	Cost per fiscal year	Comments
Supply A	\$1,575.00	
Supply B	\$400.00	
Supply C	\$2,200.00	
Supply D	\$3,700.00	
Total:	\$7,875.00	

TOTAL COST PER YEAR TO PROVIDE THIS SERVICE **\$302,111.00**

Calculate Hourly Rate for CSU users - What is the % of time that the instrument/service is unavailable due to: repairs, maintenance, broken and waiting for repair, replacement of parts, committed time to an outside lab or group, holidays, weekends, etc. This will NEVER be 0%

% of time instrument/service is <u>not</u> available	Hours instrument is available/year	Total	Comments
25%	6,570	CSU RATE/HOUR	\$45.98

Calculate Minimum Hourly Rate for External users - this cost *must not* include CSU subsidy and *must* include the University F&A applied to external recharge center accounts.

		Comments
MINIMUM EXTERNAL RATE/HOUR	\$56.33	

Up-charge Adjustments for External Users: Traditionally non-allowable costs *can and should* be included in rates for external users. The amount of this up-charge is flexible but must be documented and consistent. Items to consider include: F&A, project management, regulatory burden, marketing and business development, contract negotiation, risk pool, student stipends, postage, official functions, adjustments for market value, etc.

User Type	upcharge %	upcharge \$	Rate/Hour	Items included in up-charge
External Academic, Government, Non-Profit	50.00%	\$28.16	\$84.49	
External Commercial	75.00%	\$42.25	\$98.58	

RATE SUMMARY			
Instrument or Service:		Testing Lab	
	<u>User Type</u>	Rate/Hour	Rate/Sample
	CSU	\$45.98	\$15.33
	External Academic/Government/Non-Profit	\$84.49	\$28.16
	External Commercial	\$98.58	\$32.86

In the above example, we determined:

Total Cost before G&A: \$302,111.00

Hours Instrument is Available/Year: 6,570

- 8,760 hours in 1 year
- 25% of the year the instrument will not be in use
- $8,760 - (8,760 \times .25) = 6,570$

Since our Business Plan and Three-year Projection example relates to a 22 account, we are only concerned with the external (22 account) rate calculation in the above example. This calculates to a minimum rate of \$56.33 that needs charged to at-least break-even. A Market Analysis should also be submitted reflecting the competition we checked our rate against. If we need to increase our rate, the next section discusses adding in an upcharge.

- \$302,111.00 total cost
- 6,570 hours instrument is available/year
- 22.5% G&A rate needs built into Billing Rate
- $(\$302,111.00/6,570) \times 1.225 = \56.33

After this is calculated, the department can choose to calculate an upcharge to external customers and that upcharge may differ dependent on the external customer (External Academic, External Commercial, etc.). The external Billing Rate calculations based on an upcharge of 50% for External Academic and an upcharge of 75% of External Commercial would be:

	<u>User Type</u>	<u>Rate/Hour</u>	<u>Rate/Sample</u>
	External Academic/Government/Non-Profit	\$84.49	\$28.16
	External Commercial	\$98.58	\$32.86

Market Analysis:

Contact and determine rates of competitors in the area. At least two competitors should be reviewed. If CSU’s rate will be less than competitors, a detailed explanation of why needs to be provided. Example, the only exceptions would be if we do not provide the exact same service, so potentially less of a service/good is provided to the customer. Below is an example of what a Market Analysis may include. Note that company names should be included.

If CSU’s rate is higher, it should be questioned if customers will still use CSU for the service and/or good. Example, maybe we provide some additional benefits the external competition does not offer. In those cases, the higher rate may be justified.

Competition Analysis				
Competitor Business Name	Service/Product Offered	Competitor Billing Rate	CSU Billing Rate	Additional Comments
Company XXXXXX	Testing Laboratory	\$ 55.00	\$ 56.33	Similar Services of competition xxxxx reflects a rate of \$55.00. We are charging \$56.33 so are not undercutting competition.
Company XXXXXX	Testing Laboratory	\$ 52.00	\$ 56.33	Similar Services of competition xxxxx reflects a rate of \$52.00. We are charging \$56.33 so are not undercutting competition.

Additional Items to Include:

- **22 Fund Budget Request Form:** This can be found on the Campus Services Website under the 21 and 22 Account Resources (see Additional Resources link below). The revenue and expenses listed in the Billing Rate calculation example above will be populated in the Fund Budget Request Form. This gives an overall projected total for the year factoring in the update in Billing Rate.
- **Unrelated Business Income Tax (UBIT) questionnaire:** See additional resources for the link. Tax Services uses this information to see if UBIT tax should be charged to the account. This additional tax occurs when it is determined the 22 activity is not in line with the mission of the University.

Additional Resources:

- 21 and 22 Account Resources section on the [Campus Services website](#)
- UBIT Questionnaire: contact Tax Services Department at bfs_tax_services@Mail.Colostate.edu
- Financial Rules and Procedures [FPI 2-20 Recharge and General Operations](#)