

# Research Service Center Policy

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## Scope

This policy applies to research service centers located in Montana State University (the University or MSU) Bozeman units including but not limited to colleges, departments, centers and institutes, Research and Economic Development (RED), MSU Extension, Agricultural Research Centers, and Gallatin College.

## 100.00 Introduction

Research service centers at Montana State University must comply with costing and administrative standards established by this policy, and in accordance with government and state regulations and accounting principles. With this mandate, the purpose of this policy is to (i) detail administrative unit's responsibilities for establishing, overseeing, and sunseting service centers, (ii) identify research service center responsibilities, (iii) summarize costing and rate considerations, and (iv) define noncompliance.

## 200.00 Policy Principles

This policy applies to the University's research service centers that charge a fee to provide goods and/or services in support of MSU's research mission. Research service centers must operate in accordance with sound business practices, federal regulations, cost accounting and financial reporting principles. Compliance with government regulations and accounting principles is essential to support the educational and research mission of the University. Service centers may vary widely in size, complexity, and services provided but should maintain consistent administrative practices.

As a recipient of federal funding, the University must comply with the U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. §200) ("Uniform Guidance"). This research service center policy and Uniform Guidance require that costs incurred on federal awards must be both necessary for the performance of the award and be a reasonable allocation of actual costs relative to the benefit received. Non-compliance could result in Government-imposed fines or disallowed costs. The University must also comply with Montana State Board of Regents Policy 1909, which establishes pricing requirements to prevent competition with the private sector. This research service center policy outlines University costing and pricing standards to comply with both state and federal guidance.

## 300.00 Definitions

### 300.10 Types of Research Service Centers

#### **Research Service Center**

An entity whose primary purpose is to provide goods and services for a fee to users *in support of research*. Research service centers are shared across the University community. Some specific sub-categories of research service centers may include:

- A. Recharge unit: a research service center in which goods or services are offered as a convenience to users, typically of a specific department. Recharge units are typically not shared with users outside of the home department (e.g. departmental computer lab).
- B. Core facility: a centralized research service center overseen by RED.
- C. Specialized service facility (SSF): entities that are “highly complex or specialized facilities operated by the recipient or subrecipient”, as defined in 2 CFR 200.468. SSFs tend to have substantial annual expenditures and charge-out volume. Designation as an SSF is at the discretion of the Vice President of Research & Economic Development (VPRED).

### 300.20 Exempt units

Units whose purpose is to provide *non-research* services or products (example: auxiliary services, dining facilities, residence halls, athletic units, etc.) or *units that do not charge a fee* for research-related services (example: central MSU offices, library, UIT help desk, etc.) do not meet the definition of a research service center and are thus exempt from this policy. Exempt units may be described as academic or administrative service centers and may still be subject to federal requirements, but governance of these units is not within the scope of this policy.

### 300.30 Types of service center users

#### Internal Users

Internal users receive and pay for goods and services using funds that are within MSU-Bozeman or flow through MSU-Bozeman (i.e., MSU federal awards performed on campus). These users include academic, research, administrative, and auxiliary units that purchase services in support of MSU’s mission.

#### External Users

External users receive and pay for goods or services using funds that are outside of MSU-Bozeman. External users include companies, non-profits, government entities, as well as students, faculty or staff acting in a personal capacity. Other universities, including other

MUS units, are also considered external users unless MSU has subcontracted with them as part of a grant or contract, in which case they will be considered internal users.

## 400.00 Responsibilities

### 400.10 Responsibilities of Research Service Center Administrative Authorities

Oversight of a research service center is the responsibility of the corresponding administrative authority, according to the table below:

<b>Unit type</b>	<b>Administrative Authority</b>
Centralized research service centers (core facilities and SSFs)	VPRED
Centers & Institutes – BOR approved	VPRED
Non-centralized research service centers	Dean of College
Ag Research Centers	Dean, College of Agriculture
MSU Extension	Executive Director of Extension
Other MSU Centers and Programs	Authorized authority – varies by unit

Administrative authorities are tasked with providing structure and guidance for research service centers within their purview to ensure compliance with University policies and all relevant state and federal policies, including costing requirements detailed in section 500 below. Administrative authorities are responsible for the following, which may be delegated in writing (e.g. to an oversight committee) at the authority's discretion:

- Maintenance of complete listing of research service centers in their unit.
- Ensure a complete listing of service center research equipment per MSU Property [Management Procedures Manual](#)
- Approval of new service centers in their unit.

- Dissolution or sunseting of existing service centers in alignment with this policy.
- Submission of their research service center list to VPRED on an annual basis.
- Developing and implementing their unit's method for calculating service center user rates compliant with the requirements listed in section 500 below.
- Retaining documentation of all approvals, including approvals of rate calculation, adjustments, interim and year-end breakeven analyses.
- Reviewing and approving each of the research service center's rate calculations biennially, at a minimum.
- Approving the creation of new indexes as needed.
- Monitoring financial results for compliance with University policy related to year-end deficits.
- Reviewing and monitoring the financial results for service centers, including the proper classification of income to ensure that surplus or deficit is within 10% of annual operating expenses.
- Ensure that service centers comply with MSU's [Research Agreement Policy](#)

## 400.20 Responsibilities of Research Service Centers

Research Service Centers are responsible for the following actions:

- Initiating a request to become a new service center with their unit's administrative authority.
- Ensuring research service center operations comply with policy and align with the [Best Practices for Research Service Centers](#)
- Maintaining and managing a balanced unit budget aligned with the Best Practices document.
- Conducting periodic evaluations of financial performance throughout the year, including at least one documented review during the year, to ensure year-end breakeven within 10% and to adjust rates mid-year, if needed.
- Calculating rates using the administrative unit's method, according to the schedule determined by the unit's administrative authority.
- Publishing approved internal and external rates on the service center's website, or another public location accessible by current and potential users.
- Retaining documentation pertaining to rate calculations, which include but are not limited to user logs, invoice copies, and purchasing documentation.
- Retaining documentation of interim review, year-end breakeven analysis, and approvals.
- Comply with MSU's [Research Agreement Policy](#)

## 400.30 Responsibilities of Research and Economic Development

VPRED is responsible for the following, which may be delegated (e.g. to an oversight and/or finance committee) at the VPRED's discretion:

- Oversight of RED research service centers, including core facilities and SSFs, according to the requirements in 2 CFR 200.468 and section 400.10.
- Issuing exceptions and changes to this policy.
- Providing and updating documentation accompanying this policy, including:
  - Rate calculation template
  - Rate approval checklist
  - Best practices for research service centers

## 500.00 Costing and Rate Considerations

### 500.10 Rate calculation process

RED will provide and regularly update a rate calculation template and a rate approval checklist. These resources will be published on the RED website. All research service centers and their corresponding administrative authorities are encouraged to use these resources to ensure that user rates abide by MSU, state, and federal policies. Please see the accompanying [Best Practices for MSU Research Service Centers](#) for further detailed guidance.

Units opting to use a different rate calculation method must at minimum comply with the requirements listed in 500.20 below and will be responsible for any penalties (e.g., fines from federal funding agencies) resulting from non-compliance.

### 500.20 Appropriate treatment of user rates

Research service center rates may only incorporate expenses that are **allowable, reasonable, and allocable**, as described in 2 C.F.R. §200.403-405:

- **Allowable** costs include costs that are necessary for the research service center's operations, such as personnel costs, materials and supplies, leases/contracts for capital equipment. Please refer to 2 C.F.R. §200.403, 2 C.F.R. §200.413, 2 C.F.R. §200.420-476 and the Best Practices for additional details and examples of allowable and unallowable costs.

- **Reasonable** costs are those which do not “exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost.” (2 C.F.R. §200.404)
- **Allocable** costs are those assigned to a service center, or charged to a federal award, “in accordance with the relative benefits received.” (2 C.F.R. §200.405)

SSFs are subject to additional requirements described in 2 C.F.R. §200.468, which do not necessarily apply to non-SSF service centers or core facilities unless the corresponding administrative authority requires it:

- Rates may “not discriminate between activities under Federal awards and other activities of the recipient or subrecipient, including usage by the recipient or subrecipient for internal purposes.” (2 C.F.R. §200.468)
- Rates “must be adjusted at least biennially and must consider any over or under-applied costs of the previous period.” (2 C.F.R. §200.468)

Administrative authorities are encouraged to appoint an oversight committee to assist with calculation and assessment of user rates for the service centers in their unit. Please refer to the accompanying Best Practices for guidance.

## 600.00 Noncompliance

### 610.00 Breach of Policy

The University expects all employees to comply fully and promptly with all requirements of this policy. Breaches of this policy include, but are not limited to:

- Delay or refusal to comply with documented rate calculation process
- Charging different rates from what is approved
- Pre-billing for services
- Nondisclosure of conflicts of interest
- Illegal use of equipment or services
- Serving external users without proper documentation (TSA, FUA, etc.)

Consequences of breaches of this policy will be decided by the relevant administrative authority. Consequences may include, but are not limited to, sunseting of the service center or revocation of financial support, or employee discipline consistent with applicable University policies or collective bargaining agreements.

## 700.00 Resources

The following forms are referenced in the policy

- [VPRED Service Center Rate Calculation Template](#)
- [Best Practices for MSU Research Service Centers](#)