

Northwestern University
Instructions for Using the Recharge Rate Calculation Template

The template consists of 6 worksheets, which contain numerous formulas and links to each other. The intent is that the facility need only to concern itself with dropping information into the green shaded cells (the blue shaded cells fill in automatically), as well as filling in the names of the services provided (the boxes shaded Tan, Blue, and Pink on several of the worksheets). The worksheets should automatically do the summations and calculations. (One hint is if a cell is not in use but has a #DIV/0! in it, replace that #DIV/0! with the number 0). Because each NU facility tends to be unique, there will likely be modifications to this generic template to accommodate the specifics of your facility. Cost Studies is here to assist with this...

In concept, the template identifies the major cost components of a facility, allocates them across the facility's services, and then divides the total cost of each service by the expected usage to arrive at calculated rates. Specifically, and in order of suggested use:

- 1) **Description of Services (NEW)** worksheet. Enter FULL name and brief description for each service. Also, select one of the options provided in the green cells and, list name(s) of your external costumers in column "F" if applicable.
- 2) **Effort Billable hours** worksheet. Assuming there are personnel/labor costs involved in the facility. Complete the green cells for EACH individual who will be working in the facility and for EACH service to be offered. Fill in the names of the services to be provided in the tan, blue, and pink boxes...and if necessary, the orange box. (If you need to add additional boxes, the other worksheets will have to be manually adjusted).
- 3) **Salary & Fringe Exp** worksheet. Complete the green cells, which reflect total base salary for each individual from the Effort_Billable hours worksheet. Column d is for salary on sponsored projects, which should be filled in using the corresponding green shaded cells.
- 4) **Equipment** worksheet. The first area to fill out on this worksheet is the Equipment Depreciation area. All green cells should be filled out. The equipment to be depreciated would be capital equipment (> \$5,000 in cost, useful life of at least one year). If you provide me with the Inventory Tag Numbers, I will be able to identify the rest of the information in this section. The second area is the Service Contracts area. Fill in the green cells here, if applicable. Finally, you will need to drop in the %s by service at the bottom (which will allocate the equipment and service contract expenses to the various services).
- 5) **Non-labor Exp** worksheet. The necessary columns to fill out here include the estimated expense for the coming fiscal year, as well as the portion of that expense that would be covered by sponsored projects. The net amount would then have to be split amongst the various services provided by the recharge center. The green cells on this worksheet should be filled out with an amount or if not applicable, the amount should be zero. Capital Equipment (depreciation) expenses belong on the Equipment worksheet. Note that the items listed on the template are only examples and should be changed to reflect the types of expenses the facility expects to incur.
- 6) **Summary** worksheet. Data from the previous worksheets should flow in. Complete the green cells. The key data inputs here are the allocation of any surplus/deficit to the various services, as well as the Projected Utilizations (internal and external) for the year. Once this has been entered, the calculated rates should appear. A deficit from the prior year should increase the calculated rates, while a surplus would decrease the calculated rates. These may differ from the "Established Billing Rates" or prices that the facility ultimately determines to charge (see Note (1)). The bottom half (below the dotted line) is for your internal use; it's not necessary to complete immediately.

If your estimates going into the year prove to be significantly different than the center's actual revenues/expenses, you should feel free to re-calculate rates and submit your revised worksheet to the Office of Cost Studies for review. Once approved, the new rates can be used.

Although the final calculations do not have to conform precisely to this format, it is necessary that a documented methodology exist to support the rates charged, especially to NU sponsored projects, in the

event of a federal audit. Federal accounting standards require that facilities perform at least an annual review of their revenue v. expense position and adjust rates accordingly.