



BOISE STATE UNIVERSITY

University Policy 6370

Chargeback Policy

Effective Date

July 2020

Responsible Party

Chief Financial and Operating Officer and Vice President for Finance and Operations, (208) 426-1200

Associate Vice President, Budget and Planning, (208) 426-1344

Scope and Audience

This policy applies to all University departments and units that provide a service or good to an Internal User.

This policy does not apply to revenue charged by auxiliary units or Recharge Centers under the Office of Sponsored Programs (OSP). Recharge Centers are governed under University Policy 5110 (Recharge Centers).

Additional Authority

Governmental Accounting Standards Board (GASB)

1. Policy Purpose

To define and establish Chargebacks, the process for reviewing and approving Chargeback rates, and the responsibilities of the Chargeback Committee.

2. Policy Statement

A Chargeback occurs when a University department or unit provides a service or good to another University department or unit and seeks to recover the cost of the good or service. The University is committed to the prudent management of its budgeted resources by ensuring that departments or units furnishing products or services to other internal users establish fair and reasonable practices and Billing Rates.

3. Definitions

3.1 Billing Rate

The amount charged to a user for a unit of service.

3.2 Chargeback

A service or good provided by a department or unit to another internal department or unit on a per-use basis at an established Billing Rate, or at a price based on an established standard pricing method, for which the department or unit does not receive a central budget allocation. Only those departments and units using the service or good will be charged.

4. Guiding Principles

- a. Pass-Through expenses are not considered Chargebacks.
- b. The purpose of a Chargeback system is to encourage better management of budgeted resources by making departments or units that use services and/or goods responsible for controlling their costs.
- c. Special service Chargebacks, such as computer maintenance, can be established. The purpose of these Chargebacks is to enable departments or units to obtain services and goods at reasonably established rates.
- d. Incentive Chargebacks, such as printing services, can also be established. The purpose of these Chargebacks is to incentivize specific behaviors across campus. For example, to discourage departments or units from printing, a Chargeback can be established for printing services to discourage printing across campus.
- e. All Chargebacks must be approved by the Chargeback Committee (see Section 4.4). Prior to the beginning of each Fiscal Year, furnishing departments or units must annually submit

updated pricing proposals to the Chargeback Committee for review. The approved Chargebacks, and their approved rates, must be published campus-wide.

- f. Departments and units managing budgets that include Chargebacks must ensure the Chargebacks are recorded timely, and to the extent possible, within the fiscal year the services were performed.
- g. Chargeback billings must be billed to the department or unit on a monthly or quarterly basis, or other agreed-upon timeframe. An itemized invoice, or other supporting documentation, must be provided to the department or unit to substantiate the charges.
- h. Disputes related to Chargebacks should first be referred to the department or unit instituting the Chargeback. If the dispute is not resolved, the department or unit should contact the Chief Financial and Operating Officer and Vice President for Finance and Operations for final resolution.
- i. Records related to Chargebacks are the responsibility of the department or unit manager providing the Chargeback service or good. Chargeback records must be retained for five (5) years from the end of the fiscal year.
- j. Chargebacks generally cannot be charged to sponsored projects. Written approval must be obtained from OSP for unique situations.

5. Rate Development

5.1 Cost Identification

Actual costs for the service or good provided should be documented, including identifying estimates for costs and activities and the basis for such estimates.

5.2 Variable Billing Rates

- a. All Internal Users must be charged the same rate for services or goods provided. Alternate pricing structures based on time of day, volume discounts, turn-around time, market rates, etc. are acceptable provided those pricing structures have a sound basis and do not discriminate among users.

- b. Alternate pricing structures should be documented and published so users can consider the least costly means to obtain a service or good. The Associate Vice President for Budget and Planning will establish the process and procedures for Chargebacks.

5.3 Equipment Costs Included in Billing Rates

- a. The Equipment costs used to provide the service or good can be recovered through assigned replacement value. The established Chargeback rate(s) may provide the department or unit with funds to replace and repair the equipment in the future.
- b. Equipment purchased either wholly, or partially through federally-funded sponsored programs, may not be included in Billing Rates.
- c. The Office of Budget and Planning can assist departments with the computation of the replacement rate, if needed.

5.4 Inventory for Products Held for Sale

- a. A department or unit that sells products from an inventory, or maintains an inventory of parts and supplies used in providing its services, must maintain inventory records if the amount of stock on hand is significant.
- b. Chargeback rates may be based on the average cost of the inventory. A physical inventory must be taken at least annually at the end of the fiscal year, and the physical inventory must be reconciled to the inventory records.

6. Chargeback Committee Responsibilities

The Chargeback Committee (“Committee”) is charged to meet once annually in December and on an ad-hoc basis, if needed. The Committee will review all Chargeback requests to ensure that a documented and consistent methodology has been used for rate development.

7. Chargeback Committee Membership

The Committee consists of the following members:

- Chief of Staff
- Provost and Vice President for Academic Affairs, or designee

- Chief Financial and Operating Officer and Vice President for Finance and Operations, or designee
- Vice President for Student Affairs and Enrollment Management, or designee
- Vice President for Research and Economic Development, or designee
- Vice President for University Advancement, or designee
- Associate Vice President, Budget and Planning

8. Chargeback Request/Approval Procedure

- a. All departments or units requesting to establish a Chargeback, or modify the Billing Rate charged by an existing Chargeback, must complete a Chargeback Request Form and obtain approval from the requesting department or unit's vice president, or designee. The Department should submit rate schedule documentation (including rate methodology) along with the request. It is strongly recommended that departments or units provide annual pricing revisions in sufficient time for the Committee's annual December meeting to ensure that campus departments or units can properly budget for any Billing Rate changes.
- b. All requests to establish a Chargeback, or modify an existing Chargeback, must be submitted to the Office of Budget and Planning for review after approval is received from the department or unit's vice president, or designee. The Office of Budget and Planning will provide all Chargeback requests to the Committee for final review and approval.
- c. If the Committee does not approve the request, the Committee will return the request to the requesting department or unit along with a brief explanation supporting the decision.
- d. All approved Chargeback requests must be published campus-wide.

9. Forms

Chargeback Request Form

<https://www.boisestate.edu/vpfa-budget-and-planning/chargebacks/>

Revision History