Service Department Rate Study – Getting Started

1. Determine which accounts expenses are paid from for all service department activity (27xxxx accounts, state accounts, research accounts, etc).

2. Run Business Objects (BI) reports to obtain FAMIS totals for all operating expenses related to the service department.
   a. Operating Expenses-Option #1 – Run full-year report for FY10. For FY12, increase FY10 numbers by anticipated growth/decline.
   b. Operating Expenses-Option #2 – Run report through FY11 current month and pro-rate the expenses over the remainder of the year. For FY12, increase FY11 numbers by anticipated growth/decline.

3. Salary/Benefit Expenses – Obtain FY11 salary/benefit information from your department budget person. This would include personnel paid on 27xxxx account numbers and any other account number for people who spend time working in the service department.

4. Determine how many different rates you plan to charge for the lines of service within your service department.

5. Go through the BI reports and assign each line item to a tab in the rate study workbook.
   - Tab Choices:
     a. Direct Operating Expense – expenses that can be allocated to lines of service
     b. Overhead Costs – expenses that cannot be allocated to lines of service
     c. Attachment A-Personnel – all salary/wages
     d. Attachment B-Subsidy – expenses paid on non-27xxxx accounts
     e. Attachment C-Unallowable
     f. Total Costs – revenues are put on this tab
     g. Fund Balance – no costs will be assigned to this tab

   Note: All expenses not paid from the 27xxxx account will be listed on an expense tab (i.e. direct, overhead, personnel) and the subsidy tab.

6. Allocate the expenses within the rate study template to the various lines of service. It is fine to estimate; if you would like to be more specific, you can run a transaction detail by object code in BI.