Comparison of Expenditure Allocation vs. Service Center

Expenditure Allocation PTA formally known as Clearing Accounts **(Award Range: AAQxx - AAZxx)**	**Service Center PTA** **(Award Ranges: ACAxx, ALAxx and AKAAF)**
1. Expenditure Allocations are used to accumulate specific costs whose final distribution cannot be determined at the time the cost is incurred. Do not request an expenditure allocation if allocation can be handled via direct charging.	1. Service center PTAs are intended to provide an efficient expense recovery mechanism for single or multiple services in a complex cost environment. Do not request a service center PTA if the expenses can be direct charged or allocated as an expenditure allocation.
2. The department should clear each month's expense by the end of the following month.	2. The allocation methodology is submitted with the next fiscal year's budget to RAPC between August 1st through September 30th. RAPC must approve rate(s) in order to be officially charged to users.
3. The expenditure allocation allocates labor <u>or</u> materials costs incurred each month. An expenditure allocation may NOT have both salaries and expenses. An expenditure allocation is restricted to salaries <u>or</u> expenses.	3. The department uses an approved rate, usually combining salary/labor and materials expense, to charge for the services actually provided each month.
4. If the allocation process starts at the beginning of the FY, there should be no balance forward at fiscal year end. Therefore if the Sept expenses are cleared in Sept, Oct expenses cleared in Oct, etc, then the PTA should be clearing each month. If the PTA is allocating a month behind expenses incurred, the carry forward will be approximately the difference between last month's expenses to this month's offset.	4. Net account balances within +/- 5% at year-end may be carried forward to the next fiscal year if administration sevice center. If academic service center or the VSC, ONR approved a +/- 15% break even range.
5. Allocation methodology is reviewed by RAPC when the clearing account is established.	5. RAPC budget review and rate approval is required every year. Even if the rate(s) or budget is forecasted to be the same as last year, an annual budget and rate(s) submission is required.
6. A guarantee account is required in the event of any uncleared expenses at FYE when the PTA has posted 12 months of offset to 12 months of expenses.	6. A guarantee account is required because an academic service center is not allowed to end the FY with a greater than 15% loss. The center may choose to re-charge its users for the proportional amount in deficit or subsidize the loss at YE.
7. Accounts are opened and closed directly with RAPC.	7. RAPC reviews and approves accounts to be opened or closed.
8. Usually a small number of users and fund sources are involved.	8. Usually multiple users and fund sources are involved.
9. With the exception of salary clearing accounts, expenses are usually less than $75,000.	9. Budgets and expenses generally total above $75,000 to millions of dollars.
10. Few problems arise because operations normally are not large or complex.	10. Problems of complexity and size may require an experienced business manager and professional staff expertise.
1. These accounts are not usually large enough to be included in the University annual Operating Budget process.	11. Some administrative service centers as well as the VSC are large enough that estimated fiscal year charges are required in their Operating Budget process.
1. These accounts are NEVER allowed to direct charge any capital assets.	12. Service centers are allowed to include depreciation expense within their rate(s). Centers are NEVER allowed to direct charge any capital assets. The asset must be purchased by the department's gift / unrestricted account or commercial paper loan. The depreciation charges may then be posted to the service center.

Comparison of Expenditure Allocation vs. Service Center