

This guidance applies to those USPs that sell or seek approval to sell technical/research services to external parties and are subject to [Procedure 2100 PR.02 External Sales Approval Process](#).

The University has two expectations for rates charged to external customers (“external rates”):

1. External rates must at least include the full direct cost* to provide the service plus 30% (the “calculated rate”);
and
2. The external rate should fall within the range of fair market values for similar services.

If the calculated rate exceeds the range of fair market values for a similar service (excluding inexplicable outliers), and the USP wishes to charge a lower rate, the USP may request an exception to this guidance first from their school’s Dean, if applicable, and then the Provost’s Office.

If the calculated rate falls below the range of current fair market values (which is extremely unlikely), the calculated rates, source data used for the market analysis, and analysis of direct costs should be carefully reviewed with the Controller’s Office.

* This is the “USP Rate for External Customers--Cost to Deliver Service with Depreciation or “FULLY COSTED Rates”” BEFORE the addition of the F&A rate. Note that the External Fully Costed Rate shown on the Summary tab of the USP Rate Calculation spreadsheet includes the F&A rate.