

# Service Agreements Guidance & Policy

## Purpose

To clarify the definition and purpose of a service agreement and to provide procedures for service agreement review and approval in CBE.

## Definitions

**Service Agreement:** An agreement used when the UW will provide services to a customer such as scientific testing, training, program evaluation, curation services, conference hosting, consultation, field testing, presentation, technical assistance, or other non-sponsored activity or academic service. Indicators include:

- The primary benefit is to the customer; activity is ancillary to the project and the UW is not responsible for program objectives or overall program progress
- Billing is based on a fee schedule, pricing list, per diem, or per unit; cost is expressed in an hourly or per unit basis; includes a request for a bid or a quote
- When federal, the government intends to own all rights to data
- Agency refers to “vendor” and not “contractor,” “awardee,” or “grantee”
- Activity is not carried out with the intent to disseminate knowledge/publication

**Customer:** Recipient of goods and services provided by UW

**Primary Service Provider (PSP):** The faculty or staff member who will be providing or coordinating the provision of services. This individual interfaces with the customer regarding the RFP, agreement draft, and/or Statement of Work.

**Fiscal Contact:** The individual in the Dean’s Office who will (1) submit the agreement request form on behalf of the PSP, (2) create/identify a revenue budget, (3) coordinate procurement and payment for the Shared Environment, (4) interact with the Customer Agreement Manager as needed, and (5) verify when the work is complete. May interact with the customer regarding the RFP, review the agreement draft, and/or Statement of Work.

**Other Service Providers:** Additional faculty, staff, or external contractors who assist the PSP fulfill the service agreement.

## UW Policy

[UW policy](#) defines service agreements as the sales of goods and services for fees that carry out the mission of the University enhancing, promoting, or supporting its teaching, research, and public service functions. The UW may engage in the direct sale of goods and services to individuals, groups, or external agencies for fees only when those services are directly and substantially related to the educational mission of the University. Charges for such goods and services shall be determined considering their full cost, including University overhead, as well as the competitive price of such items in the local community. The UW may not compete with or undercut local private business in the establishment of a service agreement.

Approval for the direct sales of any goods and services covered by UW policy shall be vested in deans for the units under their authority, unless otherwise delegated. Before any sales project may be implemented, the unit and/or individual proposing the project shall provide a request setting forth all pertinent information about the sales plan, and justification for such program addressing the elements of this policy and stated evaluation criteria. Each category of goods or services sold is to be considered individually so as to avoid the unplanned expansion of any sales program. All new categories of sales shall be justified and reviewed by the dean.

## CBE Policy

To be legally binding, an agreement with the UW must be reviewed and signed by an authorized signatory from the Dean's Office. Agreements not appropriately signed, may not be recognized or honored by UW, and may not provide legal protection to the faculty/staff involved in the work.

The approval process may take 4+ weeks depending on the redline and revision process needed to come to an agreement, other offices on campus that may need to review, and/or customer requirements for procurement.

Service agreements must include all UW costs associated with the work; UW will not subsidize customer requests. Costs should include projections for UW overhead and an additional 5% for College contract oversight, which encompasses contract management in Workday, invoicing, and accounts receivable. Unlike the facilities and administrative (F&A) costs of sponsored projects, overhead is calculated on collected revenue rather than expenditures. Departments and/or units may not profit from service agreements. Service agreements should be net revenue neutral.

Service agreements should not be used to support activities intended to generate new science or intellectual property. The UW cannot guarantee the protection of trade secrets. If a customer needs explicit lifetime protection of trade secrets or other IP that can only be guaranteed by an individual, a consulting contract under the Outside Professional Work for Compensation ([Form 1460](#)) process would be the appropriate mechanism.

If the work requires any exports, additional review and approval from a [UW OSP Export Controls](#) expert will be required. Please report any potential export issues your service agreement may include during the review process. This additional level of review will impact the timeline for approval.

Section 117 of the Higher Education Act of 1965 specifies that US universities that receive anything of value from a foreign entity must be reported to the Department of Education. Please note that foreign customers will be reported by the Dean's Office on a quarterly basis. If this presents any concerns, the reporting should be discussed during the contract review process.

Any agreement that specifies mutual use of brands or that references a UW brand will need to follow the allowed uses by non-university entities or be approved by the [UW Trademarks and Licensing Office](#). For more information regarding UW branding, review the policies and procedures on their website.

Work requiring the sharing of personal data outside the UW requires careful assessment to ensure that use is consistent with the purpose for which the data are collected, and that proper agreements are in place for managing the data-sharing relationship. Protected student information remains subject to FERPA. [UW Data Processing Agreements](#) may be required depending on the nature of the work. The additional review of data agreements should be considered in the negotiation timeline of any new service agreement.

Service agreements that do not follow CBE Policy or provide full disclosure may not be recognized and/or supported by college or departmental staff.

Once a service agreement is fully executed (signed by both parties), the Dean's Office will work with the Office of Planning and Budgeting (OPB) to create contract specific worktags. The Dean's Office will then enter the supplier contract into Workday and set up the billing schedule to align with the terms of the agreement. Invoicing shall not occur more frequently than monthly. Invoicing and payment receipt will be monitored by the Dean's Office and determinations regarding collections processes will be assessed by the Finance & Administration Office.

Any uncollected payments on a service agreement may result in a budget deficit and would be the responsibility of the Primary Service Provider (PSP) to resolve with other funds available to them or through negotiation with the Chair of their department.

## Procedure

1. The PSP plans the project including:
  - a. Identifying individuals contributing effort
  - b. Systems that may need to be established to complete work
  - c. Assessment of IP and branding needs/requirements
  - d. Assessment of data processing needs
  - e. Assessment of customer procurement process and needs from UW

- f. Any special flow through terms or conditions required by the customer
- 2. PSP develops a budget using the [CBE Rate Worksheet Template](#), that recovers all UW costs including:
  - a. Supplies and materials
  - b. CBE service agreement assessment at 5%
  - c. UW institutional overhead, location dependent
  - d. Taxes, if applicable

Please note that (1) postdocs should not be working on service contracts as their work is research based, (2) the cost of the service must not be less than a typical market rate for that service, we cannot compete with local or other businesses, and (3) the cost of the service must not result in net profit.

- 3. PSP prepares the Statement of Work ([template](#)) including:
  - a. Terms of service
  - b. Contacts & signature
  - c. Statement of work
    - i. Fees
    - ii. Deliverables
    - iii. Start and end dates
    - iv. Location of the project
    - v. Intellectual property
- 4. Complete the [CBE Services Agreement Submission Form](#) with the required attachments:
  - a. [CBE Services Department Agreement Form](#)
  - b. CBE Rate Template or Budget ([template](#))
  - c. Agreement and Statement of Work ([template](#))
- 5. CBE Dean's Office finalizes
  - a. Reviews and routes the agreement for relevant signatures.
  - b. Sends all signatories and contacts copies of the fully executed agreement.
  - c. Initiates Customer Contract in Workday
  - d. Sets up billing schedule
  - e. Follows up on accounts receivable
  - f. Takes action if payments determined to be unrecoverable
- 6. Departments responsible for:
  - a. Initializing any necessary payroll changes or hires
  - b. Monitoring contract budget
  - c. Informing the dean's office of any discrepancies or changes

Effective Date: September 1, 2023

Last Review Date: September 1, 2023

Councils Review: November 2023

All-College Review: December 1-15, 2023

## Dean's Office Contact:

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## Discussion and Rationale

This section includes a summary of the points of concern raised during the review process.

**“2.c. UW institutional overhead, location dependent”** - Is this a new big change? Are you really proposing that simple consulting projects now require the 56% overhead?

- No, this comment refers to F&A. UW Institutional Overhead is 9-15.6% depending on whether it's an on- or off-campus project. This is standard and has been in place for more than 25 years.

**“(2) the cost of the service must not be less than a typical market rate for that service, we cannot compete with local or other businesses,”** - We've been following market rate for hourly services and typically coming in a bit lower than typical market rate as we're not aiming for profit. Market rate includes profit. How can we not profit yet still charge market rate? The answer is that profit is in the terms of a nonprofit, that the use of funds should support the mission of the org and thus extra funds can be used to pay for speculative research etc and training etc.

- It cannot be used for speculative research, training, etc. We can only charge for the services of the contract. We can neither make, nor lose money on these contracts. Other sources of funds should be used to support speculative research, training, etc.