

Service Department Rate Study – Getting Started

1. Determine which accounts expenses are paid from for all service department activity (27xxxx accounts, state accounts, etc)
2. Run reports to obtain FAMIS totals for all operating expenses related to the service department.
 - a. Operating Expenses-Option #1 – Run full-year report for the last completed fiscal year. for the rate study projection increase or decrease by anticipated growth/decline.
 - b. Operating Expenses-Option #2 – Run report through current month of the current fiscal year and pro-rate the expenses over the remainder of the year. Then for the rate study projections increase or decrease by anticipated growth/decline.
3. Salary/Benefit Expenses –Obtain 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 expenses and categorize each line item and enter in the appropriate tab /section in the rate study workbook.
 - Direct Operating Expense – expenses that can be allocated to lines of service
 - Overhead Costs – expenses that cannot be allocated to lines of service
 - Personnel – all salary/wages
 - Subsidy – expenses paid on non-27xxxx accounts

Note: All expenses **not** paid from the 27xxxx account will be listed on an expense tab (i.e. direct, overhead, or personnel
6. Allocate the expenses within the rate study template to the various lines of service based on projections.