

Research Related Sales and Service Activities

Sales & Service of Research, Analytical, and Related Services

In some cases, it may be appropriate for a department/center/institute to provide research, analytical, and related services for a fee to the external community. A department/center/institute may engage in direct sales of goods and services when:

- the production of those goods or services is consistent with the normal activities of the department/center/institute;
- the activity substantially supports the teaching, research, or outreach mission of the University; and,
- the activity does not unfairly compete with the private sector.

Direct sales of research, analytical, and related services means an exchange of services performed by the University with external customers for monetary consideration. The following factors will be considered and weighed in determining whether a direct sale of goods or services will be authorized:

- The services represent the transfer of knowledge or expertise from the University to the public.
- The services support and extend the University's teaching, research, or outreach mission.
- The prices charged for the services take into account all direct and indirect costs of providing the goods or services as well as the competitive price of such items in the public market.
- The research, analytical, or related services are not commonly available or otherwise easily accessible in the public market.
- The provision of the specific services represents an opportunity to utilize existing capacity or under-performing assets in order to reduce the University's internal costs of supporting or providing such services.

To account for research, analytical, and related service activities, a unique index code must be established in the University accounting system (Banner). The Vice Chancellor for Research and the Vice Chancellor for Finance and Administration must both review and approve index code requests for Sales and Service activities that involve analytical, research, or related services.

Pricing

The price charged for goods and services to external customers must include all direct and indirect costs of providing the goods and services. It cannot undercut the competitive pricing of such items or services in the public market. External sales and service activities generally should be self-sustaining. The price for internal customers would normally be lower than that for external customers, and would not include administrative costs. Price lists should be published and reviewed at least annually.

Distinguishing Research, Analytical, and Related Services from Grant and Contract Activity

The following distinctions are illustrative only but may be helpful in determining appropriate administration of an activity:

Services

1. Activities generally do not require any significant amount of intellectual interpretation or scholarly expertise, nor principal investigator oversight and involvement.
2. For the sale of services (e.g., laboratory analysis, sample characterization) that could be commercially purchased, price is determined by established fixed-fee schedules and the data belongs to the client.
3. Indemnification/hold harmless language is never included.
4. Activity typically originates when Client requests services.
5. Client generally provides samples (or content/material).
6. Activities generate net income, often from a per unit sale.
7. Never accomplished via cost-reimbursable award mechanism.
8. Reporting requirements (e.g., financial, time & effort, etc.) or federal assurances are never required.
9. Activity is not done for a federal or state government agency or program, and it never cites a CFDA number, cost match, or FAR clauses.
10. Never results from a proposal or bid submitted in response to an invitation for bid or proposal from any government agency.
11. Generally the total job has a small value: less than ~\$8,000. For exceptions, obtain approval in advance from the Vice Chancellor for Research.
12. Never requires institutional authorized official signature.

Sponsored Programs: Grant and Contract Activity

1. Activities require specific intellectual interpretation or scholarly expertise, and principal investigator oversight and involvement.
2. Activities provide specific deliverables per sponsor terms and conditions.
3. Agreement may include indemnification/hold harmless language.
4. Activity usually originates when a proposal is submitted to sponsor.
5. Researcher may collect samples (or provide content/material).
6. Activities typically do not generate net income.
7. Project is accomplished via specified award mechanism (e.g., fixed price or cost-reimbursable agreements).
8. Reporting is required (e.g., financial, time & effort, etc.).
9. May involve or require a cost match or allow F&A reimbursement.
10. Montana Tech may publish the results with or without review of the sponsor.
11. Collaborator relationship may exist (e.g., publication could have joint authorship, including Montana Tech).

If equipment originally purchased with federal grant funds is involved in generating any Sales & Service revenue, the **Department (Center, Institute, etc.) is responsible to ensure that use of equipment is compliant** with [Uniform Guidance 2 CFR 200.313](#) (or [OMB A-110 Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations](#), with particular attention to [Section C Equipment](#)).

Oversight and Administration

Montana Tech is responsible for Sales and Service activities. Generally a published price list determines the charges. For research, analytical, and related services, invoicing is done through the Office of Sponsored Programs. The costs of performing the services are charged to the Sales and Service index. Revenue generated is deposited there, less 17%, which supports administrative costs and is collected in a manner similar to indirect costs. In cases where revenues exceed costs (including administrative costs) by more than 20%, annually 40% of the excess above costs is distributed to the Office of Research, 10% of the excess is distributed to the cognizant dean(s), 10% of the excess is distributed to the cognizant department(s), and 40% of the excess remains in the Sales and Service index to support equipment and facilities maintenance, upgrade, and operation.

The University's operating activities and grant- and contract-funded projects may utilize the services of a sales/service group, with the price paid defined by the internal price list (not including administrative costs). To avoid the potential for conflicts of interest, no grants or contracts where the person responsible for the Sales and Service activity is a principal investigator or co-principal investigator may utilize the Sales and Service activity, except via direct charges of effort and materials to the grant or contract.

The scope and pricing for sales and service activities providing research, analytical, and related services are subject to occasional review and audit by the University. The Office of Research is responsible for scheduling and conducting these reviews in collaboration with the Office of Sponsored Programs.

For further information, contact the Office of Research or the Office of Sponsored Programs.