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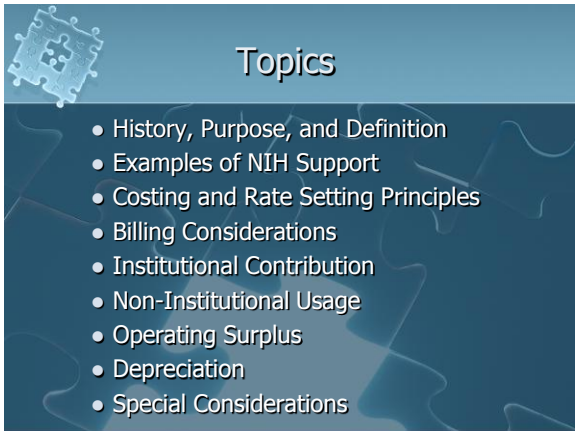
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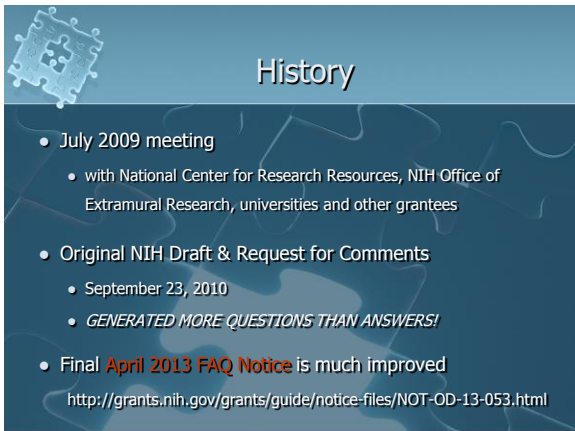
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### FAQ's Purpose

- For NIH staff and awardees
- To ensure compliance with award T&C's and federal cost principles
- Answers to common questions regarding NIH-funded core facilities

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### Purpose (cont.)

- **NOT** intended to establish new policies
- **NOT** intended to establish new interpretations of applicable Federal cost principles
- **NOT** broad guidance on ALL institutional service centers
- **NOT** intended to provide definitive or final interpretations to all circumstances

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### Definition

- For **purposes of these FAQ's Core facilities**
  - Are centralized shared research resources
  - Provide access to instruments, technologies, services as well as expert consultation
  - Typically are a discrete unit
  - May have dedicated personnel, equipment and space
  - Generally recover costs through user fees charged to investigator's funds (often NIH / other Fed grants)

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## Definition (cont.)

- Cores may be supported by
  - Institutional funds
  - Federal funds
  - External revenue
  - Other funding or any combination
- Regardless of funding, costing issues in FAQ's should be observed if:
  - NIH grants are direct charged to use a core
  - Or, any NIH grant provides general support for a core

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## How NIH Supports Cores

- Example # 1 – NIH grant provides **direct support**
- Example #2 – NIH grant (Center, Program Project Grant or Resource award) to **reduce user fees** on other NIH projects
- Example #3 – **NIH grant** uses a core and is **charged a fee**

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## NIH Funds to Support a Core

- Example # 1 – NIH grant provides direct support
  - Total Allowable Direct Cost      \$110,000
  - NIH Direct Funding to Core      \$ 60,000
  - Net Recoverable Cost              \$ 50,000
- Number of service units      1,000
- Net cost/unit                      \$50 (user fee)

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### NIH Funds to Support a Core

- Example # 1a – In addition institution provides \$10,000 of funding
- Total Allowable Direct Cost \$110,000
- NIH Direct Funding to Core \$ 60,000
- Institution's Funding to Core \$ 10,000
- Net Recoverable Cost \$ 40,000
- Number of service units 1,000
- Net cost/unit \$40 (user fee)

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### NIH Funds to Support a Core

- Example # 2 – NIH funds used to reduce user fees on other NIH projects
- Allowable Cost \$110,000
- Number of units 1,000
- Cost/unit (user fee) \$110
- NIH Support \$40,000
- NIH est'd units 800
- NIH offset per unit \$50
- Net Direct charged to NIH grants \$60 (\$110-50)

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### NIH Funds to Support a Core

- Example # 2a – NIH funds used to reduce user fees on other NIH projects
- NIH could fully fund the service until funds exhausted
- $\$40,000/\$110 = 363$  units
- F&A cost charged to NIH grants at negotiated rate

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### NIH Funds to Support a Core

- Example # 3 – Any type NIH grant uses Core and is direct charged all or portion of allowable direct cost of service
- Using previous costs and units NIH grants would pay full rate (\$110 per unit) or applicable portion

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### General Core Costing Principles

- Costs of providing services must be
  - Allowable
  - Allocable
  - Consistently applied
  - Reasonable
- Unallowable costs
  - Reference to A-21, section J47 & A-122, Att. B

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### Limitations on Recoverable Costs for NIH Grants

- Core costs may be limited by:
  - Terms of the Award
  - Core's "infrastructure" costs (F&A type expenses) recovered via application of institution's F&A rate

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### Recoverable Costs (cont.)

- F&A type costs **may be allowable in core rates**, if these costs are not recovered via the F&A rates
- Examples:
  - Allowable **Depreciation for Non-Fed equipment**
  - **Equipment service contract**
- Only if **NOT** included in F&A rate

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### Recoverable Costs (cont.)

“If these costs were **NOT** included in the depreciation or O&M costs recovered by the application of the F&A rate, including them in the core facility would **NOT** represent an Unallowable duplication of cost recovery”

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### Rate Setting Principles

- **Rates** to recover costs must be
  - **Documented**
  - **Evaluated** against actual costs
  - **Revised** on a regular basis to reflect actual costs

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### Rate Setting Principles (cont.)

- Rates charged to internal institutional users must be **consistent** with other users
- Regardless of funding source(s)
- Consistent with the concept of "one service, one rate"

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### Billing Considerations

- Billing Cycles must occur at regular intervals for timely/accurate recovery (e.g., monthly)
- **Billing in advance** of the work or receipt of Pre-payment is **NOT** Allowable
- Long term projects may bill before completion if term unreasonably delays cost recovery

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### Institutional Fiscal Contributions to Cores / Applications to NIH

- Cores need not break even
- Institutions may provide funds to support Cores (e.g., pay salaries for core work)
- If formally committed, put into NIH budget application
  - Considered **"voluntary committed cost sharing"** for award
- Allowable for institutions to decide against such formal commitments (no VCCS)

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### Non-Institutional Usage

- Third parties can be charged at rates different than others
- "Net" fees should remain "reasonable"
- Charges MAY include F&A plus "fee in excess of costs"
- Recoveries in excess of full cost MAY be Program Income
  - if core costs are supported on any NIH grant and other pertinent conditions apply
- If NOT, then institutional and federal policy apply

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### Operating Surplus

- Cores may NOT purposely accumulate profits from Internal (incl. NIH) users
- Acquisition cost of new equipment can NOT be funded with a core internal operating surplus
- Charges of one Core can NOT directly subsidize implementation/operation of another Core

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### Depreciation in Core Rates

- Depreciation may be considered an Allowable cost
- Can NOT include depreciation for portion of equipment purchased by federal funds
- Only portion purchased via Non-federal sources
- For non-Federal items, institutions choose whether to allocate depreciation or not
- Can NOT treat capitalized purchases as "current expenses" in core rates

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### Special Considerations

- One Service in a Core CAN recover the cost of another service in the core if controls prevent double billings
- Acceptable to initially estimate Core costs/rates – but, must be adjusted to actuals later
- **NO** discounted fees for users who allow Core to use their federally funded equipment
- **FAQ's are NOT generally applicable to Specialized Service Facilities**

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### Special Considerations (cont.)

- **"Differential Pricing"** allowable for large quantity purchases, high-volume usage, off-peak usage, etc.
- Core may have multiple rates for same service when such rates are:
  - Properly established
  - Consistent with federal cost principles
  - Favorable rates are made available to ALL users
- Core fee schedule may **NOT** "cap" amounts

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### Q U E S T I O N S ?

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