

SERVICE CENTER FAQs

Billing Rate Development Discussion Themes

▪ Allocability of Labor

- The Service Center should consider developing and recording an adequate log for the amount of time dedicated to each rate in the service center, like “effort reporting” to document labor charges. This could be certified / verified throughout the Fiscal Year. Alternatively, labor could be distributed based on metrics such as units or cost, if appropriate for the service center. In addition, careful attention should be given to any personnel allocating 100% time to the service center.

▪ Allocability of Non-Labor

- Like Labor, the Service Center will need to keep adequate documentation on how materials and supplies, maintenance contracts, and other consumables are divided / allocated among different rates in the service center. Identifying certain metrics for the distribution basis is key.

▪ Advance Payments

- This is not recommended nor allowed. Per the FAQs for Costing of NIH-Funded Core Facilities:

“All billing and cost recovery must be based on services provided (i.e., after service has been provided and expense has been incurred). Billing in advance of the work or receipt of pre-payment is not allowable. However, institutions may choose to divide the work into smaller billable units in order to appropriately recover incremental costs for long-term project work on a timely basis. For example, if a core needs to purchase specialized reagents or supplies to perform work for a specific project, these expenses may be charged to the user once the purchase has been made, with separate charges for completion of later work.”

▪ “Free” / Bulk Rate / Discount / Capped Use

- Customers cannot be granted use free of charge and volume discounts should not be granted unless the costs to provide the service are distinctly different and separate rates are developed to capture the cost difference. The Service Center in coordination with the College may choose to subsidize the costs above a certain threshold, but the usage MUST be tracked and included in the denominator metric. Additionally, the FAQs do allow for certain types of preferential treatment, provided that it can be clearly shown:

*“(1) the preferential treatment **does not constitute the equivalent of a reduced rate**; (2) preferential treatment for any investigator does not increase the rates for any other investigators, particularly instrument users with federally supported activities; (3) the preferential treatment is clearly defined in operating policies and procedures of the core; and (4) similar terms are available to any investigator willing to donate equipment. Some examples include: **providing priority to samples from the donating investigator in the instrument’s sample processing queue; allowing only the donating investigator or members of the donating investigator’s group hands-on access to the instrument; and/or allocating a defined percentage of capacity of the instrument exclusively for the benefit of the donating investigator.**”*

▪ Daily Rate

- This could be an option versus an hourly rate, if the costs to provide the service are distinctly different, and if this makes sense for the services provided.

▪ Frequency of Rate Review

- Uniform Guidance states that “rates must be adjusted at least biennially and must take into consideration over/under applied costs of the previous period(s). However, during the initial rate setting period, the Service Center may want to review more frequently, minimally towards the end of FY20.

▪ Warranty Expiration

- For equipment warranties that will be expiring soon, the Service Center can include Service Contracts in rate development, provided these costs can be allocated accurately among the rates.

▪ Exclude Equipment Depreciation

- At this time the College will recover Equipment Depreciation via the F&A cost rate mechanism; therefore, will not include Equipment Depreciation costs in its service center rates.