



JOHNS HOPKINS
M E D I C I N E

JHU Service Centers/Research Core Facilities Training Guide

Version 1: Updated 10/7/15

Training Summary

1. Overview of Core Facilities
2. Determining Rates
3. Operations
4. Equipment

Overview of Research Cores

Our JHM Research Cores provide access to instrumentation, equipment, facilities, databases, software, and professional expertise to facilitate scientific interaction, productivity, and discovery.



Overview of Research Cores



Institutional Service Center Core Facilities*

Offer services to internal and external customers, have annual revenue over \$100K, adhere to Uniform Guidance 2 CFR 200 guidelines for service centers.



Departmental Core Facilities

May offer services outside of department, have annual revenue less than \$100K, adhere to Departmental guidelines for operation.



Collaborative/Shared Core Facilities

Collaborations among members, not open access or fee for service, develop new techniques supported by grant or departmental funds.



Limited Access Core Facilities

Cores restricted to a group of investigators associated with a specific grant (ie – NIH P30)

Types of Cores at Johns Hopkins

* There are some service centers that are reserved for "the use of highly complex or specialized facilities" (SSF). They have annual operating budgets exceeding \$1 million in estimated annual direct costs or revenues. Facility and Administrative costs should be allocated to the center based on identifiable square feet.

Overview of Research Cores

To become a service center, your facility must:

- provide a good or service on a recurring basis to internal users at Johns Hopkins and possibly external users.
- want to recover the cost of providing the good or service through charges to users.
- anticipate the total charges will exceed \$100,000 per year.
- obtain formal approval from your local Business Office and the Cost Analysis Office to operate.

Determining Rates

Federal regulations (OMB Uniform Guidance 2 CFR 200.468.b guidelines) requires that the cost of the good and services, when material, be charged directly to the applicable awards based on the actual usage of goods and services.

Determining Rates

The usage base is the volume of work expected to be performed expressed in units such as labor hours, machine hours, CPU time, or any other reasonable measurement.

A separate rate must be calculated for each discrete product or service offered by the service center to users.

Bundling of certain products or services is allowable but should be discussed with the Cost Analysis department.

Determining Rates

Rates must be designed to recover only the aggregate costs of the services and shall be adjusted every year taking into consideration any operating deficit or surplus of the previous period(s).

If you want to add a service, you can update your rates anytime throughout the year by sending an updated price list and budget to Cost Analysis.

Over time, ***the service center should break even***, or recover no more than the total cost of providing the product or service.

Determining Rates

When developing your rate schedule, typical allowable costs may include:

- Labor (salary and fringe for staff)
- Operating supplies and materials
- Service contracts for core equipment
- Depreciation on non-federally purchased equipment (not included in the F&A cost pool)

Determining Rates

Certain costs are unallowable and cannot be included in the rate calculations. Some examples include:

- Advertising (exclusive of exemptions deemed allowable in applicable cost principles, e.g., personnel recruiting)
- Alcoholic beverages
- Bad debts
- Contributions and donations
- Entertainment expenses
- Fund raising
- Public relations

Determining Rates

- You can provide services to third-party such as another biomedical research institution, educational institution, or commercial (for-profit) organization.
- NIH encourages the sharing of available research resources including core facilities at reasonable rates.
- Charges to external users will need to be appropriately established including application of any applicable Facilities and Administrative (F&A) costs.
- Additional fees assess to cover the cost of the services may be subject to UBIT (unrelated business income tax) and must be tracked.

Determining Rates

Are subsidies allowed?

In general, the fees collected on behalf of each internal user of a specified service should be the same.

However, the amount charged to the user may vary according to the type of user, as long as the difference is made up from some other source that is clearly define and tracked by the service center.

Subsidized users will be charged only the remaining (non-subsidized) portion of the standard rate.

Operations

To operate a federally compliant service centers, you must:

- Adhere to federal cost accounting guidelines in OMB Uniform Guidance 2 CFR 200.468.b.
- Calculate and document cost-based rate(s) and publish fee schedule
- Establish and monitor a unique fund (starts with 14) and a separate cost object (internal order or cost center) to capture revenue and expenses for the service center.

Operations

To operate a federally compliant service centers, you must:

- Develop a method or system to track actual usage of equipment or service provided.
- Bill internal and external users on a routine, timely basis.
- Submit a rate schedule and budget to Cost Analysis and the Divisional Business Office to review your operating surplus or deficit. Provide a written plan for resolving a surplus/deficit and an explanation of large budget variances.
- Retain records to support charges.

Operations

What is not allowed?

- Billing in advance of the work or receipt of pre-payment is not allowable. All billing and cost recovery must be based on services provided (i.e., after service has been provided and expense has been incurred).
- It is not appropriate to purposefully "bank" funds for expenses that may be incurred in future years. Any operating surplus for charges to internal institutional users must be applied to reduce the rates charged.
- The charges for one core can't directly subsidize the implementation or operations of another core.
- It is not allowable to offset lower rates to some users by applying higher rates to other users.

Equipment

You can buy or lease your equipment.

Leasing equipment can be a good option when there is limited capital or for research cores who need equipment that must be upgraded every few years. The equipment belongs to the company holding the lease.

Purchasing equipment can be a better option for established cores or for equipment that has a long usable life. Equipment with a purchase price of more than \$5,000 and with a usable life greater than one year must be capitalized.

Equipment

Important issues to stress regarding capitalized equipment:

- The purchase price of equipment cannot be included in your rates. Only the annual depreciation can be built into your rates.
- Excess balances cannot be used to purchase equipment. Equipment is only purchase with the JHU capital fund which is funded by the annual amount recovered through depreciation.
- Fixed assets will be responsible for recommending the usable life of your equipment. With proper data you can suggest a change in the recommended useful life.

Equipment

- Creating an equipment refresh and replacement strategy is vital to the relevancy of your service center.
- Participate in the annual budgeting process for your department to make sure your future requests for capital equipment are included in the plan.

Thank You

Please complete the following 10 question quiz.

Write your answers on a separate piece of paper and use the answer key at the end to check your work.

Question 1

What are the criteria for a service center?

- a. **Charge users a fee for services and equipment.**
- b. **Routinely provide services to customers within and outside of their department.**
- c. **Collect annual revenue greater than \$100,000.**
- d. **All of the above**

Question 2

Service centers can collect user fees from which types of funds?

- a. Institutional Funds**
- b. Federal Grants & Contracts**
- c. External Revenue**
- d. Gifts & Discretionary Accounts**
- e. All of the above**

Question 3

How do you determine user fees?

- a. Based on market rates**
- b. Based on rates from peer institutions**
- c. Based on actual costs and actual usage**
- d. Based on what investigators are willing to pay**

Question 4

What are allowable costs for a service center?

- a. **Staff salary & fringe**
- b. **Service contracts**
- c. **Depreciation expense**
- d. **Supplies & materials**
- e. **All of the above**

Question 5

What are unallowable costs for a service center?

- a. Advertising costs
- b. Entertainment expense
- c. Alcohol
- d. All of the above

Question 6

What are the budget goals of a service center?

- a. To make a profit to fund my personal research projects
- b. To break even
- c. To bank surpluses for rainy days
- d. To cover the salary expenses of unfunded lab staff not working in the service center

Question 7

A core can use an operating surplus to purchase new equipment directly on the service center account?

- a. True**
- b. False**

Question 8

How can you fund new equipment for a service center?

- a. Through recovery of equipment depreciation in user fees for purchased equipment
- b. Lease or rent equipment
- c. Shared instrumentation grants
- d. All of the above

Question 9

A service center can bill now for work that will be performed in the future?

- a. True**
- b. False**

Question 10

How often and to whom do you need to submit an annual rate schedule and budget for your service center?

- a. My department once every other year**
- b. Cost Analysis Office once every year**
- c. I don't need to submit an annual rate schedule once my service center is approved.**
- d. To my users when I make a change to the rates.**

Answer Key

Click [here](#) for the answer key.

If the link is broken, please copy and paste the following url in your web browser:

[http://www.hopkinsmedicine.org/research/synergy/core-in-a-box/maintenance/ documents/Service%20Center%20Training%20Answer%20Key.pdf](http://www.hopkinsmedicine.org/research/synergy/core-in-a-box/maintenance/documents/Service%20Center%20Training%20Answer%20Key.pdf)