

## Appendix E: Multiple, Related Services Rate Calculation Example

This service center provides DNA Testing and Peptide Testing for departments within the University. Peg Faculty supervises the operation. Joe Technician and Kim Technician run both tests. DNA testing requires much more of Dr. Faculty's time to supervise. She estimates that she spends 80% of her time spent on service center activities on DNA testing and 20% on Peptide testing. It is estimated to take 3 hours of a technician's time to run a DNA test and 2 hours to run a peptide test. Each test requires a unique piece of equipment. However, both tests use the centrifuge for approximately an hour per test. Each test has supplies/reagents that are specific to that type of test, but there are also many supplies (cleaning, gloves, test tubes, etc.) that are used by the entire operation. Mary Sue Billing prepares the billings and rate calculations for the service center.

FTEs	Total Salary	% Effort	SC Salary				
			Total	% DNA	DNA Costs	% Peptide	Peptide Costs
Peg Faculty	150,000	15%			22,500		
Joe Technician	50,000	100%			50,000		
Kim Technician	50,000	100%			50,000		
Mary Sue Billing	40,000	10%			<u>4,000</u>		
					178,250		
<b>Non Administrative Salaries</b>							
Peg Faculty			22,500	80%	18,000	20%	4,500 A
Joe Technician			50,000	34%	16,767	66%	33,233 B
Kim Technician			<u>50,000</u>	34%	<u>16,767</u>	66%	<u>33,233</u> B
Total Non Administrative Salaries			122,500		51,535		70,965
<b>Non Administrative Benefits</b>							
Peg Faculty			5,000	80%	4,000	20%	1,000 A
Joe Technician			5,000	34%	1,677	66%	3,323 B
Kim Technician			<u>5,000</u>	34%	<u>1,677</u>	66%	<u>3,323</u> B
Total Non Administrative Benefits			15,000		7,353		7,647
<b>Supplies</b>							
DNA Reagents	230,000				230,000		-
Peptide Reagents	75,000				-		75,000
General Supplies	<u>88,000</u>	25%			<u>22,150</u>	75%	<u>65,850</u> C
Total Supplies	393,000				252,150		140,850

Depreciation					
DNA Equipment	21,474		21,474		-
Peptide Equipment	15,378		-		15,378
Centrifuge	<u>12,545</u>		<u>4,184</u>		<u>8,361</u>
Total Depreciation	49,397		25,658		23,739
Maintenance Contracts					
Peptide Equipment	30,000		-		30,000
Centrifuge	<u>25,000</u>	25%	<u>6,293</u>	75%	<u>18,707</u>
Total Maintenance Contracts	55,000		6,293		48,707
Direct Costs					
(basis for D allocation %s)	634,897	54%	342,989	46%	291,908
Administrative Costs					
Mary Sue Billing Salary	4,000	54%	2,161	46%	1,839
Mary Sue Billing Benefits	<u>5,000</u>	54%	<u>2,701</u>	46%	<u>2,299</u>
Total Administrative Costs	9,000		4,862		4,138
Prior Year Deficit Balance	<u>43,000</u>	54%	<u>23,230</u>	46%	<u>19,770</u>
Total Costs to be Recovered	686,897		371,080		315,817
# Tests					
(basis for C allocation %s)	3,675	25%	925	75%	2,750
Rate per Test					
			401		115

A - Allocated based on Peg Faculty's estimation of her time spent on each test.

B - These costs were allocated based on the estimate of Technician Time per test.

Technician Time per Test:

# Tests	3,675	925	2,750
Hours per test		3	2
Technician Hours	8,275	2,775	5,500
% of Technician Hours		34%	66%

C - Allocated based on the % of the # of total tests to be performed

D - Allocated based on the % of Direct Costs allocated to each test.

\*NOTE: This is an example meant for illustrative purposes only. It is meant to give examples of possible costs, billing units and allocation methodologies. Each service center is unique and should include all appropriate costs related to its particular service and allocate those costs according to methodologies and should choose a billing unit that is appropriate for the services being provided.