

Narrative section for Service Center
FY16 Rate Schedule

Name of Sample Service Center Facility

(Department Name: Fund Center: 1000000009, Program IO#:80000000F und:1410000000)
John Smith, Director, 15 June 2015

Continuing the uncertainty of prior years, serendipity played a major role in allowing us to exceed expectations. By the end of this fiscal year, we expect a carry-over of \$55k, but that masks \$9.3k (1.6%) drop in revenues despite an overall 2.8% increase in rates and new equipment that increase capacity and lack service contract (under warranty). User purchases of competing equipment and the Federal sequester may be partly to blame, but the trend started many years earlier and appears to be accelerating. However, the departure of one staff person (actively searching for replacement) and increased revenues in other categories compensated, thus avoiding a deficit for FY15. Explained later, we propose to raise rates as a hedge against uncertainty and for increased future costs next year.

As our largest revenue category, Unassisted Use had the biggest % drop in FY15 (now 7315 hr in FY15, down 13% from last year's 8405 hr in FY14), despite *new* equipment and *extra* capacity (expected an *increase* of usage to 9000 h, so 30% less than projected). However, our second-largest category, staff-based activities increased significantly (Staff-assisted/Training/Projects, now 1837 hr, up 13.8% from prior year), despite departure of one staff member mid-year. The other categories were almost flat (Membership, now 75 labs, down 2.6% from last year's 77).

Clearly, serendipity is at play. We did not anticipate the large drop in Unassisted Use, but we also did not anticipate the compensatory increase in staff-assisted activities and the departure of staff.

History: Although nullifying, three major factors led to variances from predictions last year:

1. Personnel: Because of staff departure, personnel costs are expected to be 9.2% (\$31.8k) **less** than originally expected.
2. Supplies/Maintenance/Repairs: Some maintenance/repair costs were committed late this year, so should appear next year. These costs for FY15 are expected to be 10.6% (\$15.5k) **less** than originally expected.
3. Revenues: The drop in Unassisted Use was only partially compensated by the increase in staff-assisted activities. Overall revenues for FY15 are expected to be 1.6% (\$9.3k) **less** than originally expected.
4. Net: Taken together, the projected net for FY15 will be \$55k (9.5%) and appear as a carry-over.

New Expenses/Revenues:

1. FY16 Expenses, Personnel: With the existing vacancy, we expect reduced Personnel costs until the position is filled. Optimistically, a person would start October 2015 and is included in the budget at 75% of the year.
2. FY16 Expenses, Maintenance: Currently under original warranty periods, maintenance contracts for the two new pieces of equipment will start in FY16 and will be at least \$40k of new expenses. The unexpected FY15 carry-over delays any need to increase rates until FY17.

Actions:

1. Rates: To hedge against uncertainty and to anticipate new costs in FY17, we must increase rates. Compared to last year, average rates will increase only 1.5%.

Department Name

Sample Service Center Facility

Fund Center: 1000000009, Program IO#:80000000 Fund: 1410000000

Jun 14, 2015, John Smith, Director

SERVICE CENTER: RATE SCHEDULE

Supporting Computation For Fiscal Year 2016

Estimated Expenditures

Personnel: Salaries and Benefits	337,370
Supplies & Materials	63,000
Service & Repairs	200,000
Depreciation on Capital Equipment	<u>16,470</u>
Subtotal Expenses	616,840
Prior Year's Surplus (projected)	55,000
Cost to be Recovered	<u>561,840</u>

<u>Computation of Rate</u>	Rate	Change in Rate (vs FY15)	
Monthly User Fee	75 Users @ \$130.00/month	-	117,000
Unassisted Usage Rate	7300 hrs @ \$29.00/hr	↑ 3.6%	211,700
Assisted Usage Rate	390 hrs @ \$130.00/hr	-	50,700
User Training Rate	200 hrs @ \$130.00/hr	↑ 4.0%	26,000
Projects	1200 hrs @ \$130.00/hr	-	156,000
User Supplies			440
Total Fees	Average change in	↑ 1.5%	561,840

Salary Detail

Core Manager	84,078
Technician	51,503
Technician, TBN, starting 10/2015	37,500
Staff Member	43,892
Staff Member	33,265
Teaching Assistant (Service Center course, no benefits)	<u>800</u>
Subtotal Salaries	251,038
Fringe Benefits	34.5% <u>86,332</u>
Total Salaries and Benefits	337,370