

Appendix C: Standard Service Center Rate Calculation Example

This service center provides a standard analysis of blood samples for research purposes. Peg Faculty supervises the operation. John Technician runs the tests. Mary Sue Billing prepares the billings and rate calculations for the service center.

Annual Budget - 200B

| Salaries | % Effort | Annual Salary | |
|-----------------------------|-------------|---------------|------------------|
| Peg Faculty | 20% | 130,000 | 26,000 |
| John Technician | 100% | 40,000 | 40,000 |
| Mary Sue Billing | 10% | 45,000 | 4,500 |
| Benefits | | | 12,500 |
| Staff Training Costs | | | 2,500 |
| Equipment Depreciation | | | 20,000 |
| Supplies | | | <u>40,000</u> |
| Operating Costs | | | 145,500 |
| Prior Year Deficit | | | <u>35,000</u> |
| Total Costs to Recover | | | 180,500 (A) |
| Estimated # of Tests * | | | <u>1,100 (B)</u> |
| Billing Rate per Test (A/B) | | | 164 |

* Number of tests was estimated based on a 10% growth over 200A

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