

Core Facility Directors/Managers/Administrators

Brown Bag Luncheon Meeting Notes

September 2nd, 2014

Moderator: Phil Hockberger, Executive Director of Research Facilities

Welcome –This is our fourth Brown Bag Luncheon Meeting. After announcements and updates, we will have a guest speaker, Christopher Johnson, Director of Risk Management and Safety.

Brief Reminders/Announcements:

Aaron Rosen

➤ **Fiscal Year Close Updates:**

1. **FY15 Cost Studies:** Must be submitted to and approved by [Sophia Gabay](#). After your rates have been approved, make sure they are updated in whatever system you are using (NUCore, FOM, manual spreadsheets, etc). Rates should be backdated, so that they are effective 9/1/14 to 8/31/15. Update prices on your website as well.
2. **Get FY14 revenue in by 9/11/14:** Backdate transactions. If you put in an order, make sure it has a fulfillment date of 8/31/14 or earlier. The journal date also has to be 8/31/14 or earlier.

➤ **NIH Payment Management System (PMS):**

NIH has extended the timeline for the PMS sub-accounting implementation deadline to October 1, 2015. For more information, click [here](#). There are two important factors you still need to keep in mind:

1. **Charge early, charge often:** Billing must be done on a timely basis, as the service or agreed portion of the contract work is performed. Monthly billing is ideal. NIH may audit relationship between charges and work performed. The charges should NOT be held back until the last minute. If you have long-term projects that take months, you may divide them into milestones, so that you can bill for segments of the project.
2. **NIH will have a stricter 90-day timeframe for closeouts:** You will NOT be allowed to bill projects beyond 90 days past the Project Period End Date. This means that all trailing expenses should be posted in the financial system early, **30-45 days after the end date**, to allow time for review. You can get billing in after a project has closed, but you can't do **new** work for someone after a project is closed.

➤ **Unrelated Business Income (UBI):**

We will owe taxes on certain transactions, because the activities are unrelated to the purpose of the University. The Office for Research will cover taxes for relevant transactions that occurred in FY13 and FY14. Going forward, you must build this tax into your external rates for FY15 and beyond. The UBI template will be updated with more information, including a better definition of what “commercial testing” means. There are two fundamental questions that need to be asked:

1. **Which transactions are taxable?** Taxable transactions with external commercial customers fall into two general categories:

- a. **Straight equipment rental:** core facilities rent equipment to external customers, but there is no interaction with them
 - b. **External users using a facility to do commercial testing.** At the moment, we don't have a definitive answer as to what constitutes "commercial testing," as there is no clear IRS definition for this term. After our tax attorney and controller meet with auditors, we should have a better idea of what will/won't count in the world of commercial testing. The UBI spreadsheet will be updated with additional information and instructions to help you determine whether a service falls under "commercial testing."
2. **What are the possible deductions?** This is still being explored with the auditors. You may be able to deduct the cost basis of each transaction. How you decide the cost basis for commercial transactions will be similar to how you decide this in your cost studies, but not identical. Cost studies are predictions for next year, not post-hoc reviews of what it costs to provide services. It may involve doing an analysis at the end of the fiscal year, to determine what the true cost of providing that service was.

Phil Hockberger

➤ **Operating Support Requests:**

Most of you should have received responses to your operating support requests for the Office for Research. Spent \$176,000 on FY15 operating support requests in the Office for Research.

What we funded:

- Salary for expanded personnel
- Support for external grant writing: support ones that are focused on a core facility in some way-instrument, technique or development. Not for grant writing for user of a core. To be a PI on a grant, you have to be research faculty
- Salary for technique development
- Professional development (attending meetings)
- Professional development (attending courses)
- Major instrument *unavoidable* downtime (unavoidable)
- External marketing and outreach.

Didn't fund:

- Major user loss (several requests but didn't fund any): This isn't for a faculty member who moves to another school, only if something catastrophic happens in the lab.

➤ **Professional Development:**

- [Midwest Association of Core Directors Meeting](#): Nashville, Oct 9-11, 2014
- [Leadership and Management in Core Facilities](#): December 8-11, 2014. If any of you haven't signed up for the Core Facility Management course, I am still willing to provide that \$1,000 support (contact p-hockberger@northwestern.edu)
- [ABRF Meeting](#): Saint Louis, March 28-31, 2015

Questions and Answers: Property Insurance & Workers Compensation
Christopher Johnson, Director, Office of Risk Management

Contact Information		Important Links
Risk Management (Equipment Damage)	Christopher Johnson Director, Office of Risk Management Phone: 847-491-8518 Email: cljohnson@northwestern.edu	Claim Procedures Claim Form
	Leland Roth Assistant Director, Office of Risk Management Phone: 847-491-4334 Email: l-roth@northwestern.edu	
Workers Compensation	Ray Andre <i>Claims Manager, Workers Compensation</i> Phone: 847-491-5582 Email: randre@northwestern.edu	Workers Compensation Policies and Procedures Lab Injury Protocol Chicago Campus Lab Injury Protocol Evanston Campus

- **Q1:** In the event of a catastrophe in which equipment is destroyed, what does the University’s insurance policy cover?

A1: We have an all risk/all peril insurance policy that covers flood, earthquake, acts of terrorism, theft, and other disasters that may take place. University insurance covers *only* University equipment and sometimes equipment that is on loan to us as part of an official rental agreement. It does *not* cover your personal property. Our insurance limit is \$1 billion. Our total property value is \$3.3 billion. We have a \$25,000 deductible, which is a great tribute to my staff (most universities have quarter million dollar deductibles and up).

- **Q2:** If a \$500,000 instrument in a facility is destroyed, who pays the deductible?

A2: Depends on the circumstances. If it was no fault of the department’s (such as a power outage), then the University will pay 100% of the cost of the instrument repair/replacement. If someone in a department does something in error, misuses the equipment, intentionally damages it, etc. then the department could be responsible for 10% of the replacement value of the equipment.

- **Q3:** Can you give some examples of when a facility is considered at fault for damage/loss of an instrument, and is subject to a 10% deductible? And examples of when the facility is not considered at fault and the University covers 100% of the cost of repair/replacement?

A3:

No fault (University covers 100%):

- Sprinkler head defect
- Power outage
- Flood

Fault (facility or Department subject to 10% deductible)

- Theft from non-secure location (unlocked office, etc).
- Misuse/negligence
- Theft of visible object in car

- Burglary with signs of forced entry
- Third party negligence (contractor)

- **Q4: How are funds handled, when equipment needs to be repaired or replaced?**

A4: For about 95% of the cases, damaged equipment is repaired or replaced by the department and then reimbursed by Risk Management. There are some cases where the department can't pay for the loss, and we can work something out under the circumstances.

- **Q5: The claims procedure indicates that you must notify Risk Management within 48 hrs, and submit the claim forms within 30 days. What if you aren't notified within 48 hrs?**

A5: Reporting a loss and completing the claim form are departmental responsibilities. No claim will be accepted unless it is reported to the Office of Risk Management within 48 hours of the loss and the Office of Risk Management receives the claim form within 30 days of the loss. The loss must be reported to [Leland Roth](#), Assistant Director of the Office of Risk Management, within 48 hours.

- **Q6: If there is a flood and water gets on some of our instruments and they appear to be working, but we aren't sure, what should we do?**

A6: Give us a call and let us know that the equipment got wet and you are keeping an eye on it, so we can put it on the list. Then you will have a month to submit the claim, should damage to the equipment occur.

- **Q7: Many instruments are funded by NIH. Does this insurance cover NIH funded instruments? Also, does the insurance policy cover extra expenses incurred by the damage, such as needing extra work from postdocs, etc.?**

A7: Yes, instruments funded by NIH are still University property. Our all risk policy includes extra expenses. If there are installation charges, extra work required by your postdocs to get equipment back up and running, those are expenses that are part of the claim.

- **Q8: How does cause of the problem play into this? We have a lot of user facilities where users have access to very expensive equipment and occasionally user misuse can result in very expensive damage. Is that covered?**

A8: Users are treated as University employees, so the same rules apply to them. Most likely there would be a 10% deductible, should damage occur as the result of user misuse. Keep in mind that a popping circuit breaker is a mechanical piece of equipment doing what it's supposed to do, and that's not an insurable loss. Freezers are often plugged into one outlet and the circuit breaker will pop and the freezer will stop functioning. If you plug in freezers, check the circuit to make sure it will support that amount of electricity.

- **Q9: Are supplies covered if they are damaged?**

A9: Yes

- **Q10: Are expenses resulting from loss of revenue covered? If I'm paying five times as much for a service, to get that service while we are struggling, is that covered?**

A10: Yes. This is called business interruption, where the flow of money is interrupted by a particular loss. This would be covered by insurance.

- **Q11: How do you deal with loss of equipment that is older? What if we were to flood and lose a microscope that is 10 years old? Do you get the new replacement for it? Older equipment may no longer be available.**

A11: Typically we will replace with like kind. That has been very challenging in the past when the cost of computers was escalating as opposed to deescalating. We will do the best we can to replace it with like kind.

- **Q12: Some of our microscope lenses are worth \$30,000. If a user misuses a lens and we have to get it replaced or repaired, the repair cost can be 1/2 or 3/4 of the price of the new one. It can take six weeks to get repaired, so we will lose the revenue from that. Can we claim all of that, including the revenue lost? How would the deductible work?**

A12: Yes, you can claim this. You would probably have to pay 10% of the replacement cost.

- **Q13: To clarify, The University has the \$25,000 deductible up to the \$1 billion. Is the department or facility responsible for 10% of the \$25,000, or 10% of repair or instrument replacement?**

A14: Assuming that there is an incident where someone misused an instrument or carelessly left their computer in the front seat of an unlocked care and it was stolen, the deductible would be 10% of the cost of replacing the item. If it was not the fault of the user, then the University will cover the loss 100%, without deductible.

- **Q15: We train users and they come in and use the equipment. Even though we train them, sometimes they make mistakes. If they damage it and the facility staff was not in the room. If we can prove that the specific person did the damage, is it their responsibility to pay the 10%, the facility's, or the department's?**

A15: That is your call. Build this into your policies.

Workers' compensation issues for occupational injuries and illness.

- **Q1: Who is responsible for reporting injuries? How does the facility get compensated for loss of time, or costs of injury?**

A1: The employee's supervisor is responsible for reporting the injury. The sooner it is reported, the better.

We will handle each individual as if they were a member of our family, get them top notch medical treatment, make sure they are paid for the time they miss, get them back to work as fast as we can, and then we compensate them for the permanency of their injury.

- **Q2: I understand from the [website](#) that there there are different procedures whether an injury occurs during normally working hours (Monday-Friday 8:30 to 5:00) or weekends and afterhours (between 5:00 pm and 8:30 am, or on weekends)?**

A2: Key consideration there is the nature of the injury. If someone scratches their finger and it's not infected or they don't need stitches, but they may need follow up care and it happens on a Saturday afternoon, it's probably not a bad idea to do. However, if there is any question that immediate medical care is necessary, go to the emergency room.

We have arrangements with two occupational providers. In Evanston it is OMEGA, in Chicago it's Northwestern Memorial Hospital Corporate Health. Going to OMEGA or Corporate Health will be quicker than going to an emergency room (won't have to wait as long).

[Ray Andre](#), Claims Manager, Workers' Compensation, will come to any laboratory any day of the week to talk students and postdocs about the procedures that they need to follow.

- **Q3:** Can I choose my own physician instead of Corporate Health or OMEGA?

A3: Absolutely, you can go any place you want. Most people chose to go to a provider who does occupational medicine, and I would recommend that.

- **Q4:** There seems to be a lot of cross talk between the Office for Research Safety, Office of Risk Management, the emergency room, etc. How is this managed?

A4: That is up to Ray Andre, he will take care of all that. He coordinates the claim, discusses it with all of the interested parties, etc. All you have to do is report the incident.

- **Q5:** Do you treat claims differently if people are violating policies at the time?

A5: Generally the only time we deny a claim is when someone is alcohol or drug induced.

- **Q6: Do undergraduate students receive workers compensation?**

A6: No. Students are not employees; they are not subject to workers compensation. Best thing to do if they get injured is call 911.

- **Q7:** I recently learned that postdocs or grad students that are trainees on NIH training grants are not considered NU employees either. Is this true?

A7: If they are on the NU payroll, they are considered employees for worker's compensation purposes.

- **Q8:** We will be using other universities' facilities, with the Open Access Initiative. What if an injury happens at another university when we are doing our job?

A8: If you are acting in the course of employment, it's covered by worker's compensation. The university of the employee covers their insurance. If you are at a conference abroad and are injured at the conference, it's also covered by workers compensation.

- **Q9:** Is there a poster we can print and hang on facility wall that explains what to do in case of an injury?

A9: Yes On the [Risk Management](#) website are a number of [forms](#). One of them is a Lab Injury Workers' Compensation protocol, which lays out for you the steps of what to do. Click [here](#) to see the form for the Evanston campus. Click [here](#) to see the form for the Chicago campus.

****If you have further questions, please contact [Christopher Johnson](#) and CC [Phil Hockberger](#) and [Jeff Weiss](#), so we can learn from your questions.**