



Sponsored Projects Accounting

TO: Business Managers, Departmental Administrators and Assistants

FROM: Joseph M. Gindhart, Associate Vice Chancellor for Finance & Sponsored Projects

DATE: April 2018

SUBJECT: Federal Facilities and Administrative Rates – Policies and Procedures (Revised)

The University reached agreement with our Federal cognizant agency, the Department of Health and Human Services, on predetermined Facilities and Administrative (F&A) cost rates. The new rate agreement is dated April 5, 2018 and covers the four fiscal years 2018 through 2021, see https://financialservices.wustl.edu/wp-content/uploads/2016/03/SPA_WP_FA_agrmt-040518.pdf. The Policies and Procedures noted below supersede the previous version of this document, dated March 2017.

Our F&A rates are calculated under the guidelines provided in the Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance, 2 CFR 200). These rates should be applied to all grants, contracts and cooperative agreements issued by Federal agencies, including Federal pass-through funding. Per our most recent negotiated F&A rate agreement, the following rates are effective, under the modified total direct cost (MTDC) basis:

Rate Type	Effective Period	Rate	Location	Applicable To
Predetermined	7/1/2017 – 6/30/2018	52.5	On-Campus	Organized Research
Predetermined	7/1/2018 – 6/30/2019	55.5	On-Campus	Organized Research
Predetermined	7/1/2019 – 6/30/2020	57.0	On-Campus	Organized Research
Predetermined	7/1/2020 – 6/30/2021	57.5	On-Campus	Organized Research
Predetermined	7/1/2017 – 6/30/2021	26.0	Off-Campus	All Programs
Predetermined	7/1/2017 – 6/30/2021	36.0	On-Campus	Instruction
Predetermined	7/1/2017 – 6/30/2021	36.0	On-Campus	Other Spon. Activities
Provisional	7/1/21 Until Amended	Use same rates and conditions as those cited for Fiscal year ending June 30, 2021.		

Definitions:

Predetermined: The rate(s) above are applicable to all competitive agreements issued/awarded or applied for, on or after July 1, 2017 through June 30, 2021.

- Predetermined rate means an indirect cost rate, applicable to a specified current or future period, usually the organization’s fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment.

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Provisional: Competitive awards issued or applied for on or after [7/01/21](#) will utilize these rates until the subsequent predetermined rates are negotiated with the Department of Health and Human Services.

- Provisional rate or billing rate means a temporary indirect cost rate applicable to a specified period which is used for funding, interim reimbursement, and reporting indirect costs on Federal awards pending the establishment of a final rate for the period.

Modified Total Direct Costs (MTDC): Includes, *but not limited to*, the following expenditure categories; salaries and wages, fringe benefits, materials & supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of the subgrant or subcontract (regardless of the period covered by the subgrant or subcontract (i.e., the competitive period of the agreement)). MTDC shall exclude equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, tuition remission, scholarships and fellowships, participant support costs as well as the portion of each subgrant and subcontract in excess of \$25,000.

Off-Campus: For activities performed in facilities not owned by the University and not on the Medical Center campus, the off-campus rate will apply. Actual costs will be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate. For additional information, see the [Off-Campus Policies and Procedures](#).

Organized Research (*Sponsored*): Research and development activities established by a grant, contract, or cooperative agreement that are separately budgeted and accounted for on a project by project basis.

Instruction (*Sponsored*): Specific instructional or training activity established by a grant, contract, or cooperative agreement.

Other Sponsored Activities: Programs and projects established by a grant, contract, or cooperative agreement which involve the performance of work other than instruction and organized research (e.g., health service projects, community service programs...).

Procedures:

Proposals and Applications:

Principal Investigators and/or their staff must utilize the predetermined and provisional F&A rates noted above in all competitive and non-competitive proposals submitted directly to a Federal agency and/or submitted via another institution/entity (i.e., subcontract, subagreement) as part of their proposal to a Federal agency. These rates should be used in proposals to federally sponsored Funding Opportunity Announcements (FOA) (e.g., Requests for Proposals [RFP] and Requests for Applications [RFA]). The rates should also be utilized when developing/calculating rates, modules or milestones included in fixed priced agreements with Federal agencies.

There are certain Federal agencies/programs which may require the University to utilize a lower rate or a stipulated rate in the proposal (e.g., NIH training grants and fellowships). The non-standard rate should be applied to the direct costs as instructed in the FOA documents. The net loss of funding incurred by utilizing the stipulated rate should be claimed, when allowable under the sponsoring agencies' guidelines, in the proposal as the University's contribution (cost sharing) to the project.

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The Office of Sponsored Research Services (OSRS) will review the application of F&A rates in the proposal budgets prior to submission. They will direct questions or concerns about the rates or the MTDC base exclusions to the Principal Investigator, as necessary.

Post-Award:

During the account set up process for each new award OSRS will input the current/appropriate F&A rate into the Account Profile. Due to the time delay between the submission of the proposal and the issuance of the award, the Federal agency may have to adjust the rate so it's consistent with our most recent rate agreement.

The [Uniform Guidance \(UG\) \(2 CFR 200 Appendix III, section C.7.a\)](#) instructs Federal agencies to use the negotiated rates in effect at the time of the initial award throughout the "life" of the sponsored agreement (grant, contract or cooperative agreement). "Life" for this purpose means each **competitive segment of a project**. The application of this rule to current and new grants and contracts will depend on the starting date of the competitive segment as described below.

Competitive Start Date on or before 6/30/17: These awards are covered under our previous rate agreement. The predetermined rate for on-campus research at the time of the awards was 52.5% MTDC (per the previous rate agreement). These awards will continue to utilize the 52.5% MTDC rate for their remaining non-competitive grant periods starting on or after 7/1/17.

Competitive Start Date 7/1/17 to 4/5/18: These awards are covered by our new rate agreement. The University will continue to apply the on-campus organized research rate of 52.5% MTDC for the period 7/01/17 through the end of remaining non-competitive grant periods. If the federal agency incorporates the new rates in future award notices for non-competitive periods, then those rates will be applied.

Competitive Start Date on or after 4/5/18: These awards are covered by our new rate agreement. The University will apply the on-campus organized research rate of 52.5% MTDC for the period of 4/5/18 through 6/30/18. The University will modify the rate to 55.5% effective 7/1/18. If the non-competitive grant periods extend beyond 7/1/18, the rate will be automatically modified on 7/1/19 and 7/1/20 per the schedule above.

This information, as well as other policies and procedures related to sponsored projects, will be posted on SPA's web page (<https://financialservices.wustl.edu/wfin-topic/sponsored-projects-accounting/>).

If you have any questions regarding the information presented in this memo, please contact me at 314-935-7089 or jgindhart@wustl.edu.

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 1430653611A1

DATE:04/05/2018

ORGANIZATION:

FILING REF.: The preceding agreement was dated 12/16/2013

Washington University in St. Louis

Campus Box 1034

700 Rosedale

Saint Louis, MO 63130-4899

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: Facilities And Administrative Cost Rates

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

EFFECTIVE PERIOD

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE(%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	07/01/2017	06/30/2018	52.50	On Campus	Organized Research
PRED.	07/01/2018	06/30/2019	55.50	On Campus	Organized Research
PRED.	07/01/2019	06/30/2020	57.00	On Campus	Organized Research
PRED.	07/01/2020	06/30/2021	57.50	On Campus	Organized Research
PRED.	07/01/2017	06/30/2021	36.00	On Campus	Instruction
PRED.	07/01/2017	06/30/2021	36.00	On Campus	Other Sponsored Activities
PRED.	07/01/2017	06/30/2021	26.00	Off Campus	All Programs
PROV.	07/01/2021	Until Amended			Use same rates and conditions as those cited for fiscal year ending June 30, 2021.

ORGANIZATION: Washington University in St. Louis

AGREEMENT DATE: 4/5/2018

*BASE

Modified total direct costs, consisting of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, rental costs of off-site facilities, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

ORGANIZATION: Washington University in St. Louis

AGREEMENT DATE: 4/5/2018

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

FICA & Retirement Annuity are specifically identified to each employee and are charged individually as direct costs. All other fringe benefits are charged using a rate(s). Over/under recoveries from actual costs are adjusted in current or future periods. The directly claimed fringe benefits are listed below:

TREATMENT OF PAID ABSENCES

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims are not made for the cost of these paid absences.

OFF-CAMPUS DEFINITION: For all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s), the off-campus rate will apply. Actual costs will be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate.

Fringe Benefits:

Disability Insurance
Worker's Compensation
Life Insurance
Unemployment Insurance
Health Insurance
Non-Dependent Employee Tuition Remission
Mass Transit Passes
Health Savings Account (Employer contribution \$400 per employee)
Employee Assistance Program
Family Learning Center (day care)
Back-up care (short-term assistance with child and elder/adult care)
Flu shot program
Adoption assistance
Cost of benefit plan audits and trust administration fees

Your next proposal based on actual costs for the fiscal year ending 06/30/2020 is due in our office by 12/31/2020.

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.

ORGANIZATION: Washington University in St. Louis

AGREEMENT DATE: 4/5/2018

SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its facilities and administrative cost pools as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as facilities and administrative costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Title 2 of the Code of Federal Regulations, Part 200 (2 CFR 200), and should be applied to grants, contracts and other agreements covered by 2 CFR 200, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

E. OTHER:

If any Federal contract, grant or other agreement is reimbursing facilities and administrative costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of facilities and administrative costs allocable to these programs.

BY THE INSTITUTION:

Washington University in St. Louis

(INSTITUTION)



(SIGNATURE)

AMY B KWESKIN

(NAME)

VICE CHANCELLOR for FINANCE + CFO

(TITLE)

4/13/18

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)



(SIGNATURE)

Arif Karim

(NAME)

Director, Cost Allocation Services

(TITLE)

4/5/2018

(DATE) 7397

HHS REPRESENTATIVE: Matthew Dito

Telephone: (214) 767-3261