



Sponsored Projects Accounting

TO: Business Managers, Departmental Administrators and Assistants

FROM: Joseph M. Gindhart, Assistant Vice Chancellor for Finance & Director

DATE: March 2014

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 December 16, 2013 and covers the four fiscal years 2014 through 2017, [see F&A Rate Agreement 12/16/13](#). The Policies and Procedures noted below supersede the previous version of this document, dated May 2010.

Our F&A rates are calculated under the guidelines provided in Office of Management and Budget Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”). 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	7/1/2013 – 6/30/2014	52.0	On-Campus	Organized Research
Predetermined	7/1/2014 – 6/30/2017	52.5	On-Campus	Organized Research
Predetermined	7/1/2013 – 6/30/2017	26.0	Off-Campus	Organized Research
Predetermined	7/1/2013 – 6/30/2014	44.0	On-Campus	Instruction
Predetermined	7/1/2014 – 6/30/2017	38.0	On-Campus	Instruction
Predetermined	7/1/2013 – 6/30/2014	26.0	Off-Campus	Instruction
Predetermined	7/1/2014 – 6/30/2017	24.0	Off-Campus	Instruction
Predetermined	7/1/2013 – 6/30/2014	35.0	On-Campus	Other Spon. Activities
Predetermined	7/1/2014 – 6/30/2017	36.0	On-Campus	Other Spon. Activities
Predetermined	7/1/2013 – 6/30/2017	26.0	Off-Campus	Other Spon. Activities
Predetermined	7/1/2013 – 6/30/2014	25.8	On-Campus	Genome Ctr (TGI)
Predetermined	7/1/2014 – 6/30/2017	25.5	On-Campus	Genome Ctr (TGI)
Predetermined	7/1/2013 – 6/30/2017	11.5	Off-Campus	Genome Ctr (TGI)
Provisional	7/1/17 Until Amended	Use same rates and conditions as those cited for fiscal year ending June 30, 2017.		

**Facilities and Administrative Cost Rates
Policies and Procedures
March 2014**

Definitions:

Predetermined: The rate(s) above are applicable to all competitive agreements issued or applied for, on or after July 1, 2013 through June 30, 2017.

- **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.

Provisional: Competitive awards issued or applied for on or after 7/01/17 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, material, 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, scholarships and fellowships 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...).

Genome Sequencing Center: Programs and projects established by a grant, contract or cooperative agreement which involve the performance of genome sequencing work within the University's Genome Sequencing Center.

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

**Facilities and Administrative Cost Rates
Policies and Procedures
March 2014**

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 (i.e., 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.

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.

OMB Circular A-21 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 6/30/13: These awards are covered under our previous rate agreement. The predetermined rate for on-campus research at the time of the awards was 52% MTDC (per the previous rate agreement). These awards will continue to utilize the 52% MTDC rate for their remaining non-competitive grant periods starting on or after 7/1/13.

Competitive Start Date 7/1/13 to 6/30/14: These awards are covered by our new rate agreement. The University will apply the on-campus organized research rate of 52% MTDC for the period 7/01/13 through 6/30/14. The rate will be revised to 52.5% MTDC on 7/1/14 and applied throughout the remaining non-competitive grant periods, per our new rate agreement. See [Appendix A](#) for additional information.

Competitive Start Date on or after 7/1/14: These awards are covered by our new rate agreement. The University will apply the on-campus organized research rate of 52.5% MTDC. These awards will continue to utilize the 52.5% MTDC rate for their remaining non-competitive grant periods.

This information, as well as other policies and procedures related to sponsored projects, will be posted on SPA's web page.

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

Award Profiling and Budgeting

Competitive Start Date 7/1/13 to 12/15/13

Award was issued and funded with F&A utilizing the 52% rate for the current budget period. Per our new rate agreement, WU will apply the new 52.5% rate starting on 7/1/14, however funding for the higher rate will not be provided by NIH. Refer to example with Competitive Start Date = 8/1/2013.

- Assume that award has already been profiled and competitive start date is 8/1/2013.
- The new rate (52.5%) will be applied, effective 7/1/14. The F&A rate field in the Profile will be automatically adjusted in FIS. The department is responsible for rebudgeting funds from direct costs to indirect costs to cover the difference related to the higher rate. SPA would expect the departments to calculate and post the BA based upon the Budget Balance as of 6/30/2014 (closed general ledger month), see Example below. The non-competitive renewal award should be issued with the 52.5% rate (02 year).

Example Rebudget Calculation					
	(A)	(B)	(C) = (A) + (B)	(D)	(E) = (D) - (C)
	Free Balance	Open Encumbr.	Budget Balance @6/30/14	Budget Balance w/52.5% F&A	Budget Adj.
Direct	64,535	12,465	77,000	76,748	(252)
F&A	40,040	-	40,040	40,292	252
Total	104,575	12,465	117,040	117,040	-

Total Budget Balance @6/30/2014 117,040
 (Free Balance plus Open Encumbrances at 6/30/14)

FY 2015 F&A Rate @52.5%	Divided by:	1.525
Revised Direct Budget Balance		76,748
Revised F&A Budget Balance		40,292
(Total Budget minus Revised Direct Budget Balance)		
Total Budget		117,040

- FIS figures must be as of the final/closed general ledger month of 6/30/2014, which should be available on 7/11/14.
- The Free Balance for Direct Expenses figure should exclude items such as equipment (budget 63) and Subagreements >\$25,000 (budget 38).
- Encumbered amounts at 6/30/14 (closed) will be paid out in Fiscal 2015, and the F&A rates will be applied at that time. These encumbered amounts must be included in the Budget Balance for 6/30/14.
- The Budget Adjustment (BA) should indicate that amounts are being revised due to the new F&A rate for the award. SPA will develop a calculation template document, based on the methodology noted above. It will be made available on the SPA website.

Competitive Start Date 12/16/13 through 6/30/2014

Award should be issued and funded utilizing a combination of both rates, for the applicable periods. The 52% should be awarded for the remaining portion of Fiscal 2014, and then the new rate of 52.5% would be awarded for portion of budget period in FY 2015.

Refer to Example with Competitive Start Date = 4/1/2014.

- OSRS will budget the F&A amount on the NOA and set the rate at 52%. In July 2014, the F&A rate will be automatically revised to 52.5%.
- The department is responsible for rebudgeting funds from direct costs to indirect costs to cover the difference related to the higher rate, as applicable. Refer to the rebudgeting instructions and example on the previous page.

Competitive Start	Budget Period	Budget Year	F&A Rate	Applicable Rate Agreement
On-Campus, Organized Research				
10/1/2012	10/1/2012 - 9/30/13	01	52%	Previous (2/24/10)
	10/1/2013 - 9/30/14	02	52%	Life of Agreement per Previous
	10/1/2014 - 9/30/15	03	52%	Life of Agreement per Previous
	10/1/2015 - 9/30/16	04	52%	Life of Agreement per Previous
8/1/2013	8/1/2013 - 6/30/2014	01	52%	Provisional & New (12/16/13)
	7/1/2014 - 7/31/2014	01	52.5%	New (12/16/13)
	8/1/2014 - 7/31/2015	02	52.5%	New (12/16/13)
	8/1/2015 - 7/31/2016	03	52.5%	New (12/16/13)
	8/1/2015 - 7/31/2017	04	52.5%	New (12/16/13)
4/1/2014	4/1/2014 - 6/30/2014	01	52%	New (12/16/13)
	7/1/2014 - 3/31/2015	01	52.5%	New (12/16/13)
	4/1/2015 - 3/31/2016	02	52.5%	New (12/16/13)
	4/1/2016 - 3/31/2017	03	52.5%	New (12/16/13)
	4/1/2017 - 3/31/2018	04	52.5%	New (12/16/13) & Life of Agreement
12/1/2014	12/1/2014 - 11/30/2015	01	52.5%	New (12/16/13)
	12/1/2015 - 11/30/2016	02	52.5%	New (12/16/13)
	12/1/2016 - 11/30/2017	03	52.5%	New (12/16/13) & Life of Agreement
	12/1/2017 - 11/30/2018	04	52.5%	New (12/16/13) & Life of Agreement