

YESHIVA UNIVERSITY ADMINISTRATIVE POLICY

Facilities & Administrative Cost Rates for Grants and Contracts (Other than AECOM)

Policy No. 4.2

Issued By:
Harvey Spolansky
Associate Director of Finance

Date Issued
11/10/04

Approved By:
Rick Annis,
Vice President for Finance and
Chief Financial Officer

Replaces:
1/9/01

PURPOSE:

To communicate the current policy for the determination of Facilities & Administrative (indirect) cost (overhead) rates for all grants and awards to Yeshiva University and to provide guidelines for the preparation of grant and contract applications.

RESPONSIBILITY:

The Associate Director of Finance is responsible for the administration and interpretation of this policy.

GENERAL:

Facilities & Administrative (indirect) costs are those institutional costs, which are not readily identifiable with a particular project or activity but nevertheless are necessary for the general operation of the institution and the conduct of the activities it performs. The cost of operating and maintaining buildings and equipment, depreciation, general and departmental administrative salaries and expenses and library costs are types of expenses usually considered as Facilities & Administrative (indirect) costs.

In theory, all such costs might be charged directly; practical difficulties, however, preclude such an approach. Therefore, they are usually grouped into a common pool and distributed to those institutional activities, which benefit from them through the expedient of an indirect cost rate.

A Facilities & Administrative (indirect) cost rate is simply a device for determining fairly and expeditiously, within boundaries of sound administrative principles, subject to governmental regulations, that proportion of an institution's costs, which should be borne by each of its projects or activities.

The Facilities & Administrative (indirect) cost rate is the ratio between the total allowable Facilities & Administrative (indirect) costs of an institution and some direct cost base, such as the modified total direct costs (MTDC) base required by the Federal government.

In order to recover its allowable indirect cost pool of expenses, an institution must allocate and collect its proportionate share from every project being performed by the institution.

PROCEDURE:

Applications to all agencies should include an appropriate Facilities & Administrative (indirect) cost (overhead) rate. The types of organizations which sponsor university activity and the procedures to be followed for each type is as follows:

A. Federal Government Agencies

Every research, center or program project application must include the applicable rate negotiated between the University and the United States Department of Health and Human Services (DHHS).

See DHHS Facilities & Administrative Cost Rate Agreement (Indirect Cost Rate) for specific, negotiated rates (below) to use for applications and grants and contracts.

Applications for training programs, career and salary awards, institutes and fellowships should include rates approved by the Federal agencies for training programs. Currently the DHHS and the Department of Education (DE) allow a maximum of 8% of total allowable direct cost (TADC) for training grants.

Other Federal agencies may not impose this limitation and you are requested to contact the Associate Director of Finance if you make an application for a training program to a Federal agency other than DHHS or DE.

B. New York State and City Government Agencies

Each application to these agencies will be examined individually. These agencies do not have indirect cost rate policies such as the Federal government or Voluntary Health and Welfare Agencies. Each application is subject to a separate negotiation of the indirect cost rate to be applied.

C. Voluntary Health and Welfare Agencies

A listing of certain agencies and their current indirect cost rates will be found in Appendix A. If an application is to be submitted to any agency not listed in Appendix A, you are requested to contact the Associate Director of Finance in order to obtain the established rate for that agency. Where an agency does not have an established Facilities & Administrative (indirect) cost (overhead) rate, the application should include the following statement:

"The present Facilities & Administrative (indirect) cost rate for the Yeshiva University is (insert appropriate rate) of modified total direct cost negotiated by this institution with the United States Department of Health and Human Services. This rate is subject to negotiations between the administration of the University and (Name of Agency on application)".

All grants and restricted support received, that have no established Facilities & Administrative (indirect) cost (overhead) rate, will be subject to an indirect cost rate of 25% of total direct costs up to \$4,000 which is equivalent to 20% of the total amount of an award up to \$5,000. Awards exceeding \$5,000 will be subject to a minimum of 33 1/3% of total direct costs, which is equivalent to 25% of the total amount of the award.

D. Industry

Applications to, or awards received from industrial organizations including pharmaceutical companies for specific research projects are subject to indirect cost as follows:

TOTAL DIRECT COST	TDC RATE	EQUIVALENT TO:
\$ ZERO TO \$4,000	25.00%	20% of total amount of award up to \$5,000
\$ 4,001 TO \$18,750	33.33%	25% of total amount of award from \$5,001 to \$25,000
\$18,751 TO \$32,500	53.85%	35% of total amount of award from \$25,001 to \$50,000
OVER \$32,500	The same indirect cost rate appropriate to where the activity is performed, as used for Federal research awards. See Section A above.	

Drug trials will not be considered industrial research for purposes of this policy and will be treated in the same manner as voluntary health and welfare agencies. See Section C above.

Facilities & Administrative (indirect) costs on patents or royalty income are covered under our patent policy.

E. All Other

Organizations not fitting into any of the above categories will be treated in the same manner as Voluntary Health and Welfare Agencies.

Income from Institutional Restricted and Endowed funds, allocated to individual centers, institutes, departments, etc., will be subject to the same Facilities & Administrative (indirect) cost rate appropriate to where the activity is performed, as used for Federal research awards. See Section A above.

With respect to all of the above, it should be noted that all Facilities & Administrative (indirect) cost (overhead) rate negotiations are a responsibility of administration and that administrative approval is required before any grant or award could be accepted by or on behalf of Yeshiva University. The administration reserves the right to refuse any Yeshiva University grant or award which has not had prior approval.

APPENDIX "A" (effective June 1, 1998)

Grant Agency	Type of Award	Rate %/Basic
Alzheimer's Association	R	10 (B)
American Cancer Society	R	25 (C)
American Diabetes Association	R	15(B)
American Foundation for Aids Research	R	20 (B)
American Heart Association	R	10 (B)
American Otological Association	R	10 (B)
Deafness Research Foundation	R	10 (B)
Juvenile Diabetes Foundation	R	10 (C)
Leukemia Society of America	CDA	8 (B)
March of Dimes	R	10 (B)
Muscular Dystrophy Society of America	R	8 (B)
National Multiple Sclerosis	R	10 (B)
New York Heart - Grant-in-Aid	R	10 (B)
General and/or Miscellaneous Support		
Up to \$5,000 per year	R/G	20 (D)
Over \$5,000 - a minimum of	R/G	25 (D)

Type of Award

- R Research
- T Training
- CDA Career Development Award
- G General

- (A) Calculated on total allowable direct costs (TADC)
- (B) Calculated on total direct costs (TDC)
- (C) Calculated on total direct costs excluding equipment
- (D) Calculated on total amount of award
- (E) Calculated on salaries and fringe

DHHS Facilities & Administrative Cost Rate (Indirect Cost Rate)

A newly negotiated rate agreement (dated 6/3/04) with DHHS Division of Cost Allocation, covering Federal Research activity provides for facilities & administrative rates for the period from July 1, 2003 through June 30, 2008 as follows:

From:	To:	Period Rate
07/1/03	06/30/04	67.00% Predetermined
07/1/04	06/30/05	64.00% Predetermined
07/1/05	06/30/06	65.00% Predetermined
07/1/06	06/30/07	66.00% Predetermined
07/1/07	06/30/08	66.00% Provisional, until amended

The Fringe Benefit Rate is 28.9% for all years .

Applying the Rates to Actual Proposals and Awards – Three Groups

(1) Grant awards received 6/30/03 and prior will continue to be budgeted, awarded, and charged at 67% indirect cost rate, for all continuation periods until the end of the project period. The rate will remain constant at 67% throughout the project period.

(2) Grant awards received from 7/1/03 through 6/30/04 will continue to be awarded at 67%. However, the reduction in the indirect cost from 67% to 64% will be prorated over the period of the award with the resulting reduced indirect cost available for direct cost. **Schedule A** provides the prorated indirect rates for these awards.

(3) Grant awards received and proposals and applications submitted to DHHS and other Federal agencies from 7/1/04 through 6/30/08 (until amended) will have a Facilities & Administrative (indirect) cost rate that will be prorated over the period of the project. **Schedule B** provides the prorated Facilities & Administrative (indirect) cost rates for this period. Use the applicable rate(s) when preparing all applications within this category.

New Equipment Threshold and Effect on MTDC

All of the above rates are computed on a base of modified total direct costs (MTDC). One change has been made in calculating MTDC. Effective 7/1/04, equipment costing less than \$3,000 is included in the MTDC base. (Previously, equipment costing less than \$500 was included in the MTDC base.) For application budget purposes, equipment costing less than \$3,000 is not includible in the equipment budget category. Rather, such equipment will be reflected in the Other Expense budget category.

These new rates should be used on all applications submitted to Federal Agencies and to any other Agency that does not have fixed Facilities & Administrative (indirect) cost rates.

Schedule A

SCHEDULE OF FACILITIES & ADMINISTRATIVE (INDIRECT COST) RATES

For Grants Received 7/1/03 through 6/30/04

Twelve Month Pro-rations

From	Period To	Indirect Cost Rate
7/1/2003	6/30/2004	67.00%
8/1/2003	7/31/2004	66.75%
9/1/2003	8/31/2004	66.50%
10/1/2003	9/30/2004	66.25%
11/1/2003	10/31/2004	66.00%
12/1/2003	11/30/2004	65.75%
1/1/2004	12/31/2004	65.50%
2/1/2004	1/31/2005	65.25%
3/1/2004	2/28/2005	65.00%
4/1/2004	3/31/2005	64.75%
5/1/2004	4/30/2005	64.50%
6/1/2004	5/31/2005	64.25%

Schedule B

SCHEDULE OF FACILITIES & ADMINISTRATIVE (INDIRECT COST) RATES

For Grant Applications and Awards
For the Period 7/1/04 through 6/30/07

Twelve Month Pro-rations

From	Period To	Indirect Cost Rate
7/1/2004	6/30/2005	64.00%
8/1/2004	7/31/2005	64.08%
9/1/2004	8/31/2005	64.17%
10/1/2004	9/30/2005	64.25%
11/1/2004	10/31/2005	64.33%
12/1/2004	11/30/2005	64.42%
1/1/2005	12/31/2005	64.50%
2/1/2005	1/31/2006	64.58%
3/1/2005	2/28/2006	64.67%
4/1/2005	3/31/2006	64.75%
5/1/2005	4/30/2006	64.83%
6/1/2005	5/31/2006	64.92%
7/1/2005	6/30/2006	65.00%
8/1/2005	7/31/2006	65.08%
9/1/2005	8/31/2006	65.17%
10/1/2005	9/30/2006	65.25%
11/1/2005	10/31/2006	65.33%
12/1/2005	11/30/2006	65.42%

1/1/2006	12/31/2006	65.50%
2/1/2006	1/31/2007	65.58%
3/1/2006	2/28/2007	65.67%
4/1/2006	3/31/2007	65.75%
5/1/2006	4/30/2007	65.83%
6/1/2006	5/31/2007	65.92%
7/1/2006	6/30/2007	66.00%
	& Thereafter	66.00%