



MEMORANDUM

To: DD Council Executive Directors
UCEDD Executive Directors
Fiscal Staff
Designated State Agency Staff

From: Aaron Bishop, Commissioner, Administration on Disabilities
Tanielle Chandler, Office of Grants Management

Date: August 18, 2016

Subject: Negotiating Indirect Cost Rate with College/University Sub-grantees

The Administration on Intellectual and Developmental Disabilities (AIDD), Administration on Disabilities (AOD) and Office of Grants Management (OGM), Administration for Community Living (ACL) would like to remind State Councils on Developmental Disabilities of the importance in determining which indirect cost rate is being used when sub-granting to universities/colleges and to negotiate the lowest rate whenever possible.

Colleges and universities negotiate indirect cost rates with funding organizations, including the U.S. Department of Health and Human Services (HHS), and are not required to use the same negotiated rate when they act as a sub-grantee. Federal rules (see 2CFR part 200.331 (a)(4) indicate that sub-grantees are permitted to use the indirect cost rate negotiated by the government.

In the case of HHS, colleges and universities can use a long-form or short-form to negotiate an indirect cost rate with the Department. For long-form universities there are three rates:

1. Instruction rate;
2. Organized research rate; and
3. Other sponsored activity (“OSA”) rate.

Often times the organized research rate is the highest – in the range of 50 to 60%, because it covers lab overhead and other scientific research. If the organized research rate is being used by the university who is acting in the role as the sub-grantee, State Councils may want to inquire with the university about using the OSA rate, which is typically in the range of 30 to 36%. For training grants, OGM, ACL allows for indirect costs rates to be capped at 8%. For more information on the long form see: https://rates.psc.gov/fms/dca/a21-appx_c.pdf

For the short form a college/university would have one indirect cost rate. For more information on the short form see: <https://rates.psc.gov/fms/dca/shortform1.pdf>

Again, it is important to know which rate is being used prior to sub-granting. For questions on this, please contact LaDeva Harris, Grants Management Specialist, at LaDeva.Harris@acl.hhs.gov or (202) 795-7360.