

CHICAGO STATE UNIVERSITY
OFFICE OF GRANTS AND RESEARCH ADMINISTRATION

As part of Intent to Submit a Proposal (ISP), faculties are required to prepare either preliminary or roughly estimated budgets for grant funded activities as part of their proposal submission. The budget that should be submitted along with the ISP generally includes salaries and wages of personnel, commodities, contractual services, travel, equipment, etc. Some of the funding agencies' Request for Proposals requires the budgets to include payment of the cost of the employee's fringe benefits and/or for University's F&A (indirect) costs. This document presents Chicago State University's provisional F&A and fringe benefit rates for FY21.

Chicago State University				OFFICE OF GRANTS AND RESEARCH ADMINISTRATION			
FY20 Fringe Benefit and Facilities and Administrative Cost Rates							
<u>Only applicable to SPONSORED PROGRAMS.</u> This chart details fringe benefit rates for appointments commonly charged to funded projects and is used only for budgeting purposes and <u>should not be used to determine benefit eligibility for employment at the university.</u>							
Appointment	Total Fringe Benefits Rate	Finalized Retirement (SURS)*	Provisional Health, Life & Dental	Provisional Workers' Comp¥	Provisional Term. Vacation/ Sickψ	Finalized Medicare	Finalized OASDI
Administrators	41.98%	12.70%	27.83%	-	-	1.45%	-
Faculty: Tenure Track, Full Time Lecturer, Part Time Lecturer	41.98%	12.70%	27.83%	-	-	1.45%	-
Civil Service	41.98%	12.70%	27.83%	-	-	1.45%	-
Extra Help	7.65%	-	-	-	-	1.45%	6.20%
Graduate Assistant	7.27%	-	7.27	-	-		
Student Worker less than Half time	7.65%	-	-	-	-	-	-
Temporary Appointment	7.65%	-	-	-	-	1.45%	6.20%
Tutors	7.65%	-	-	-	-	1.45%	6.20%
*The Board of Trustees of the SURS has adopted 12.70% of covered earnings as the employer normal cost of benefits beginning July 1, 2020. This is the employer contribution rate that is to be applied to all earnings paid from federal, grant and trust funds for any pay period ending on or after that date. The 12.70% consists of Retirement and Termination Benefits 8.33%; Automatic Annual Increase 3.63%; Death and Survivor (0.20%); Disability Benefits 0.34%; and Administrative Expenses 0.60%. ¥ψProvisional Rates: Fringe benefit rates are updated yearly and approved by the Federal Government near the beginning of each fiscal year. **For employees who have elected self-managed plan, the actual rate of 7.60% will be charged.							

Facilities and Administrative Cost Rates for All Programs, Organized Research and Other Sponsored Activities*

Applicable To:	Locations¥	Type	Effective Period	Rate (%)
Organized Research: Includes all research and development activities that are budgeted separate from the University's budget, received by the University as fiscal agent and are sponsored by federal and non-federal agencies and organizations. These activities also include training of individuals in research techniques using the University facilities other than instructional.	On Campus	Predetermined	07/01/2018 Until 06/30/2021	48.0%
Other Sponsored Program Activities: These are all other activities that do fall under the category of instruction or organized research. This may include grants and contracts in support of public service, administration, student services, and library services.	On Campus	Predetermined	From 07/01/17 Until 06/30/2021	26.0%
All Programs: These activities are considered to fall under both the categories of organized research and other sponsored program activities; however, these are sponsored activities that occur either entirely or in part off campus.	Off Campus	Predetermined	From 07/01/17 Until 06/30/2021	26.0%

*Base for Rate Assessment: The base on which the Facilities and Administrative (F&A) will be assessed is the Modified Total Direct Costs (MTDC) which include expenditures of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant and subcontract (regardless of the period covered by the subgrant or subcontract). The MTDC shall exclude equipment, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.

¥Use of On-/Off- Campus Rates: Where a sponsored project activity is done using the University's facilities the On Campus rate should be used. However, when a portion of the sponsored project activity occurs off the University the Off-Campus rate should be used. The criteria for using the Off-Campus Rate must consists of all of the following: (1) the activity off campus must be on a continuous basis; therefore, intermittent performance is not sufficient; (2) the University personnel supported by the funding of the project must be physically located at an off-campus site; and (3) the period of performance of the project off campus must be of sufficient duration such as a full semester, summer term or a period defined by the sponsored agreement.

Additional Information (<https://www.dol.gov/oasam/boc/DCD-2-CFR-Guid.pdf>)

A. Definition of Indirect Costs

According to OMB Uniform Guidance (2 CFR Part 200):

"Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective..."

B. Definition and types of Indirect Rates

An indirect cost rate is simply a device for determining fairly and conveniently within the boundaries of sound administrative principles, what proportion of indirect cost each program should bear. An indirect cost rate is the ratio between the total indirect expenses and some direct cost base.

The DCD typically issues provisional and final indirect cost rates. There are also predetermined and fixed rates but are rarely used. All of these rates are described below, per OMB Uniform Guidance (2 CFR Part 200):

1. 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 awards pending the establishment of a final rate for the period.
2. Final rate means an indirect cost rate applicable to a specified past period which is based on the actual costs of the period. A final rate is not subject to adjustment. Note that a final indirect cost rate is established after an organization's actual costs are known, typically a fiscal year. Once established, a final indirect cost rate is used to adjust the indirect costs claimed. The use of provisional and final rates will likely result in final audited expenditures being higher or lower than those reported for awards, which are terminated during the organization's fiscal year. A final rate may be issued as a provisional rate in the ensuing year, adjusted for anticipated changes in funding levels or costs.
3. Predetermined Rate: A permanent rate established for a specified current or future period and is not subject to adjustment. A predetermined rate may be used on awards where there is reasonable assurance that the rate is not likely to exceed a rate based on the organization's actual costs,
4. Fixed Rates with carry-forward: A permanent rate established for a future prospective period of time used for budgeting, obligations, and payment of funds by awarding agencies. Actual costs are determined by the organization's accounting system and the difference between fixed and actual is carried forward to a future period (usually the organization's fiscal year) in order to adjust the fixed rate for any over or under recovery.

Provisional and final rates are preferred by most organizations for the following reasons:

1. Actual indirect costs are allocated to program objectives in the year incurred, creating accurate cost information;
2. There are no prior year indirect costs carried into a future year to burden new or continuing funding;
3. All indirect costs are properly funded in the fiscal year incurred, creating no profit or loss for the organization;
4. The organization's accounting system must determine actual costs each year, a capability that ultimately must exist to synchronize accounting, budgeting, and cost allocation; and
5. The actual cost of services or programs is determined annually and is therefore available for purposes of internal management and informed budgeting.

C. Determination of Indirect Cost Rates and Cost Allocation

Non – Profits - The three basic methods for calculating indirect cost rates under OMB Circular A-122 are the Simplified, Multiple Rate, and Direct Allocation Methods.

Specific instructions on the computation of indirect cost rates with the conditions on when to use each method are contained in OMB Uniform Guidance (2 CFR 200), Attachment A. Examples of the Simplified and Direct Allocation methods are shown on Exhibits D and E in Section III of this Guide (<https://www.dol.gov/oasam/boc/DCD-2-CFR-Guid.pdf>). OMB Uniform Guidance (2 CFR 200) also provides for the use of Special Indirect Cost Rates.

A single indirect cost rate for all activities of the organization may not be appropriate when work under the Federal program is conducted in an offsite location and the level of administrative support is different than other programs. For an organization that receives more than \$10 million in Federal funding of direct costs in a fiscal year, a breakout of the indirect costs into two components; **Facilities and Administration**, as defined below, is required. The rate shall be stated as a percentage which the amount of **Facilities and Administration** is, of the applicable distribution base used for each component. Each indirect cost rate negotiation agreement shall identify the development of each indirect cost pool component as well as the overall indirect cost rate.

1. **"Facilities"** is defined as depreciation and use allowances on buildings, equipment and capital improvements; interest on debt associated with certain buildings, equipment and capital improvements; and operations and maintenance expenses.
3. **"Administration"** is defined as general administration and general expenses such as the director's office, accounting, personnel, library expenses and all other types of expenditures not listed specifically under one of the subcategories of "Facilities", (including cross allocations from other pools, where applicable).

When a grantee uses the **Direct Allocation** method to calculate indirect cost rates and rents the facilities used to operate Federal programs, then a breakout of the above indirect cost components is not required. This policy has been adopted since the majority of the rental costs, as well as other facilities/administration costs, would be directly charged to Federal programs.

If you have any questions on the above information, please do not hesitate to contact the Office of Grants and Research Administration located in the Cook Administration Building, Suite 303 or by phone 773-995-3598.