

Campus Correspondence  
UNIVERSITY OF NEW ORLEANS  
Shaping our Future

TO:

Deans, Directors, Department Chairs and other Administrative Officers

FROM:

Office of Business Affairs

DATE:

September 27, 1993

Subject: Indirect Cost and Employee Benefit  
Recovery Rates on Grants and Contracts  
AP 20.1.

Attached is an update to Administrative Policy and Procedure (AP) 20.1 which contains indirect cost and employee benefit rates recently negotiated with the Department of Health and Human Services (DHHS) for the period July 1, 1993 - June 30, 1996.

Effective immediately, all grant and contract proposals which are applicable to fiscal year 1993-1994 and to any subsequent years should reflect the negotiated rates.

The date of the indirect cost negotiation agreement between the University and DHHS is September 1, 1993. The agreement and date should be cited viz footnote in grant and contract proposal budgets.

Please disseminate this information to all principal investigators, and where you deem appropriate, to other members of your faculty and staff.

Linda K. Robison  
Assistant Vice Chancellor for  
Business Affairs and Comptroller

LKR/sc  
Attachment

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September 27, 1993

1. Indirect Cost Rates

**Type of Grant or Contract**    Research    Research    Instruction    Instruction

<b>Location</b>	<b>On Campus</b>	<b>Off Campus</b>	<b>On Campus</b>	<b>Off Campus</b>
<b>Indirect Cost Rate * 1993-94</b>	41%	27%	65%	39%
<b>Indirect Cost Rate * 1994-95</b>	41%	27%	65%	39%
<b>Indirect Cost Rate * 1995-96</b>	41%	27%	65%	39%

## 2. Employee Benefit Rate (applicable to all grants and contracts, regardless of type)

1993-94	21.3%
1994-95	21.3%
1995-96	21.3%

\* The rate is a percentage of "Modified Total Direct Cost" (MTDC), i.e., the total of salaries, employee benefits, graduate assistant and student wages, travel, operating services, supplies, professional services and other charges. The indirect cost rate does not apply to equipment, charges for tuition remission, rental costs, scholarships and fellowships, nor costs in excess of \$25,000 on each subgrant/subcontract.

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CAMPUS CORRESPONDENCE  
University of New Orleans

FROM:  
Office of Business Affairs

TO:  
Deans, Department Heads, and Directors

DATE:  
March 15, 1989

Subject: Indirect Cost and Employee Benefit  
Recovery Rates on Grants and Contracts  
AP 20.1

Attached is an update to Administrative Policy and Procedure (AP) 20.1 which contains indirect cost and employee benefit rates for 1988-89 and 1989-90.

Effective immediately, all grant and contract proposals which include a portion of fiscal year 1988-89 and subsequent years should reflect the recently negotiated rates.

The date of the indirect cost negotiation agreement between the University and the U.S. Department of Health and Human Services is December 14, 1988. The agreement and date should be cited via footnote and contract proposal budgets.

Please attach this memorandum and rate schedule to your copy of AP 20.1.

LINDA K. ROBISON  
Assistant Vice Chancellor for  
Business Affairs and Comptroller

LKR/sc  
Attachment

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March 15, 1989

### 1. Indirect Cost Rates

Type of Grant or Contract	Research	Research	Instruction and	Instruction and
	On Campus	Off Campus	On Campus	Off Campus
<b>Indirect Cost Rate * 1988-89</b>	42%	26%	42%	26%
<b>Indirect Cost Rate * 1989-90</b>	43%	27%	43%	27%

### 2. Employee Benefit Rate (applicable to all grants and contracts, regardless of type)

1988-89	17.5%
1989-90	17.5%

\* The rate is a percentage of "Modified Total Direct Cost" (MTDC), i.e., the total of salaries, employee benefits, graduate assistant and student wages, travel, operating services, supplies, professional services, other charges and equipment items costing less than \$250. The indirect cost rate does not apply to equipment costing more than \$250, subcontracts in excess of \$25,000, and stipends.

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CAMPUS CORRESPONDENCE  
University of New Orleans

FROM:  
Office of Business Affairs

TO:

Deans, Directors and Department Heads

DATE:

March 10, 1987

Subject: Indirect Cost and Employee Benefit  
Recovery Rates on Grants and Contracts  
AP 20.1

Attached is an update to Administrative Policy and Procedure (AP) 20.1 which contains indirect cost and employee benefit rates for 1986-87 and 1987-88.

Effective immediately, all grant and contract proposals which include a portion of fiscal year 1986-87 and subsequent years should reflect the recently negotiated rates.

The date of the indirect cost negotiation agreement between the University and the U.S. Department of Health and Human Services is December 29, 1986. The agreement and date should be cited via footnote in grant and contract proposal budgets.

Please attach this memorandum and rate schedule to your copy of AP 20.1.

LINDA K. ROBISON  
Assistant Vice Chancellor  
for Business Affairs  
and Comptroller

LKR:erl  
Attachment

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March 10, 1987

### 1. Indirect Cost Rates

<b>Type of Grant or Contract Location</b>	Research	Research	Instruction and Training	Instruction and Training
	On Campus	Off Campus	On Campus	Off Campus
<b>Indirect Cost Rate 1986-87</b>	41%*	25%*	41%*	25%*
<b>Indirect Cost Rate 1987-88</b>	42%	26%	42%	26%

## 2. Employee Benefit Rate (applicable to all grants and contracts, regardless of type)

1986-87	15.5%
1987-88	16.0%

\*The rate is a percentage of "Modified Total Direct Cost" (MTDC), i.e., the total of salaries, employee benefits, graduate assistant and student wages, travel, operating services, supplies, professional services, other charges and equipment items costing less than \$250. The indirect cost rate does not apply to equipment costing more than \$250, subcontracts in excess of \$25,000, and stipends (see Specimen Budget attached to AP 20.1).

## CAMPUS CORRESPONDENCE

University of New Orleans

## FROM:

Office of Business Affairs

## TO:

Deans, Directors, and Department Heads

## DATE:

March 29, 1985

Subject: Indirect Cost and Employee Benefit  
Recovery Rates on Grants and Contracts  
AP 20.0

Attached is an update to AP 20.1 which contains indirect cost and employee benefit rates for 1984-85 and 1985-86. Since the federal government was quite tardy in negotiating the rate for 1984-85, it is virtually impossible to increase the University's federal agencies which handle indirect cost reimbursement via summary notices (i.e., the grant award document cites only the rate and not a specific dollar amount.)

The Office of Business Affairs will send copies of the rate agreement to those agencies.

Effective immediately, all grant and contract proposals which include a portion of 1985-86 and subsequent years must include the 1985-86 rates.

The date of the indirect cost negotiation agreement between the University and the U.S. Department of Health and Human Services is March 19, 1985. The agreement and date should be cited via footnote in grant and contract proposal budgets.

Please attach this memorandum and the rate schedule to your AP.

PATRICK M. GIBBS  
Vice Chancellor for Business Affairs

PMG/sc  
Attachment

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March 29, 1985

1. Indirect Cost Rates

<b>Type of Grant or Contract</b>	Research	Research	Instruction and Training	Instruction and Training
	On campus	Off campus	On campus	Off campus
<b>Indirect Cost Rate 1984-85</b>	40%*	25%*	40%*	25%*
<b>Indirect Cost Rate 1985-86</b>	41%	25%	41%	25%

2. Employee Benefit Rate (applicable to all grants and contracts, regardless of type)

1984-85	14%
1985-86	15%

\* The rate is a percentage of "Modified Total Direct Cost" (MTDC), i.e., the total of salaries, employee benefits, graduate assistant and student wages, travel, operating services, supplies, professional services, other charges and equipment items costing less than \$250. The indirect cost rate does not apply to equipment costing more than \$250, subcontracts in excess of \$25,000, and stipends (see Specimen Budget attached to AP 20.1).

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**OFFICE OF THE CHANCELLOR**  
**University of New Orleans**

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Administrative Policy & Procedure  
AP - 20.1  
Effective Date: 10/15/81

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**SUBJECT:** Grants and Contracts - Recovery of Indirect Costs and Employee Benefits

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**PURPOSE**

To provide necessary information for the inclusion of indirect costs and employee benefits in budget proposals for grants and contracts.

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## DEFINITIONS

1. Indirect Costs are expenses incurred by the University in supporting grants and contracts which are not specifically identifiable with a particular project. These costs include physical plant services such as utilities and janitorial services; depreciation use allowances on equipment and buildings; departmental, college and institutional administration; library operations; and various general expenses, commonly referred to as "overhead."
  2. Direct Costs are those expenses to be directly charged to the grant or contract, such as salaries and employee benefits, travel, printing, supplies, computer services, professional services and equipment.
  3. Modified Total Direct Costs refer to the base to which the indirect cost rate is applied and consists of the sum of all direct costs except equipment, subcontracts in excess of \$25,000, stipends, and tuition payments. (See Specimen Budget.)
  4. Indirect Cost Rate is the rate negotiated annually between the University and the U.S. Department of Health and Human Services, and is based on a sophisticated indirect cost study performed by the University.
  5. Employee Benefits Cost are expenses paid by the University for compensation in addition to a faculty or staff member's salary, such as group hospitalization or life insurance premiums, retirement system contributions, workmen's compensation insurance premiums, unemployment benefits and accrued leave payments upon termination of employment. Employee Benefits Costs are direct costs.
  6. Employee Benefits Cost Rate is the rate negotiated annually between the University and the U.S. Department of Health and Human Services. It is applied to certain salaries and wages to be funded by the grant or contract to compute the University's charge for employee benefits costs. (See Specimen Budget.)
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## GENERAL POLICY

All grant or contract proposals should include a budget which contains both direct and indirect costs. If the funding agency does not as a matter of policy pay indirect costs, the person submitting the proposal must submit evidence to support that claim.

Employee benefit costs must be included in all proposals containing salaries and wages of faculty, nonclassified or classified employees.

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## AUTHORITY

This document is issued in accordance with Article VII, Section 4, of the Bylaws and Regulations of the Board of Supervisors of Louisiana State University System, and with Permanent Memorandum No. 10.

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## PROCEDURE

1. Indirect Costs - Indirect costs to be included in grant and contract budgets are calculated by multiplying the current negotiated indirect cost rate times modified total direct costs.

a. Current Rates - Rates vary according to the function in which the project is to be executed and the primary location of the work. Rates are announced each year by a memorandum of the Office of Administration. Current rates for the period July 1, 1981 - June 30, 1982 are as follows:

<b>Function</b> Research		Research	Instruction	Instruction
<b>Location</b> On-campus		Off-campus	On-campus	Off-campus
<b>Rate</b> 34% of Modified Total Direct Cost (MTDC)		23% of MTDC	40% of MTDC	20% of MTDC

2. Employee Benefits Costs - Employee benefits costs to be included in grant and contract budgets are calculated by multiplying the current negotiated rate times "covered" salaries and wages. "Covered" salaries and wages are payments to faculty (regular salary, summer salary and additional compensation), nonclassified staff, and classified staff (regular salary and overtime.)

Salaries of graduate assistants and student wages are not subject to employee benefits. (Neither are consulting fees paid non-employees.)

a. Current Rate - The employee benefit rate for the period July 1, 1981 - June 30, 1982 is 12.5%.

NOTE: See Specimen Budget which follows.

Leon J. Richelle  
Chancellor

LJR:mc

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SPECIMEN BUDGET

GRANT OR CONTRACT

Period Covered: 8/15/81 - 8/14/82

## PERSONAL SERVICES

Salaries subject to employee benefits:

John Smith, PhD, Principal Investigator		
25% of academic year salary		\$6,000
100% of summer salary		5,333

Research associate		
100%, 12 months		12,000

Typist-Clerk		
25%, 12 months		<u>2,200</u>

Total salaries subject to employee benefits

Other salaries and wages

Graduate research assistant		
2 0 50% academic year		10,000
Undergraduate student assistant	<u>3,500</u>	<u>13,500</u>

Total Salaries and Wages 39,033

Employee Benefits at 12.5% - (25,533 x 12.5%) 3,192

Total Personal Services 42,225

TRAVEL		2,000
OPERATING SERVICES		2,500
COMPUTER SERVICES		1,000
SUPPLIES		4,500
PROFESSIONAL SERVICES (consulting fees)		1,000
EQUIPMENT		<u>12,000</u>

TOTAL DIRECT COST 65,225

INDIRECT COSTS:

34% of Modified Total Direct Costs of \$53,225 (1)		<u>18,097</u>
TOTAL PROPOSED BUDGET		<u>\$83,322</u>

(1) The University's negotiated agreement with DHHS provides that indirect cost rates will be applied to all direct costs except equipment, subcontracts in excess of \$25,000, stipends, and tuition charges, per OMB Circular A-21.