New F&A Rate Announced

OHSU has successfully negotiated new Facilities & Administrative Cost (F&A or Indirect Cost) rates with the federal government. Based on the Rate Agreement dated February 18, 2005, the F&A rates are listed in the chart below.

Rates Effective Immediately

These rates are effective immediately so you must include them in all NEW and COMPETING grant applications and contract proposals submitted to sponsors. Please see the article immediately following, entitled “New F&A Rate Implementation.” Currently existing sponsored projects and applications for Non-Competing renewals will continue to use the old F&A rates that were in effect at the time they were originally granted. So, there will be no retroactive changes to current grants and non-competing renewals.

Budgeting

All new sponsored projects and competing renewals will be assessed new rates according to the schedule above unless the sponsor has an official policy that caps the F&A rate. Budgeting for these

continued on p. 2
incrementally increased rates is likely to present some new challenges because indirect cost rates will be changing three times during the next four years. When a grant budget period crosses a fiscal year, it will be necessary to use two different rates to calculate the appropriate F&A costs. Remember that the incremental rate increases will become effective at the beginning of each fiscal year on July 1. When budgeting, please keep in mind the following:

- Applications should include new F&A rates specific to each year of the award; no averaging may take place.
- If a Notice of Grant Award (NGA) is received and old F&A rates are included within the award’s budgeted indirect costs, the pre-award Research Grants & Contracts (RGC) office will work directly with the sponsor and report any necessary information to the department.

**Holding PI’s Harmless**

Also, please remember that this increase in our F&A rates is a good thing for OHSU. During this transition period, our overall institutional concept is to avoid any negative impacts on Principal Investigators (PI’s) or sponsored projects as far as our controls allow.

**Rate Agreement**

The increases to OHSU’s F&A rate are largely due to capital projects and construction. Our institution is growing and the government agencies recognize the additional expenses that go along with such growth. Oregon Graduate Institute (OGI) no longer has a separate rate agreement and now follows the same rates as other OHSU units.

A copy of the new Rate Agreement is currently available on Corporate Financial Services (CFS) website: [http://ozone.ohsu.edu/financial/indirectcost/index.shtml](http://ozone.ohsu.edu/financial/indirectcost/index.shtml).

**Off-Campus Rates**

Off-campus rates remain at the federally capped rate of 26% for all activities. Note that although a slightly new definition of off-campus rates will now be used, a very similar method for determining the appropriate rate is already in place. The on- or off-campus rate must be applied consistently according to where the majority of the work is performed. Also, the use of both on- and off-campus rates may occasionally be justified if the respective rates can be clearly identified with a significant portion of the Salary and Wages (S&W) of the project. Please review the Rate Agreement for more details and dollar thresholds.

**Informational Sessions**

Department administrative staff and others impacted by this change to the F&A rate who were unable to attend one of the recent informational sessions about the implementation process are encouraged to review the presentation slides now available on the Corporate Financial Services (CFS) website: [http://ozone.ohsu.edu/financial/indirectcost/InformationalSessionMarch2005.ppt](http://ozone.ohsu.edu/financial/indirectcost/InformationalSessionMarch2005.ppt).

If you have questions regarding application or proposal budgets, please call Research Grants & Contracts (4-7784). For other general questions, please email Sarah Corrigan at corrigan@ohsu.edu.

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**Miss the last SPIN Meeting?**

Presentations and handouts from previous meetings are available on our website: [http://www.ohsu.edu/research/rda/spa/spin.shtml](http://www.ohsu.edu/research/rda/spa/spin.shtml)
Implementing the New F&A Rate

With indirect cost rates changing three times during the next four years, it will be necessary to use two different rates to calculate Facilities & Administrative (F&A) costs for most grant budget periods. The incremental rate increases will become effective at the beginning of each fiscal year on July 1. Remember that a fiscal year runs from July 1 to June 30, so that FY05 ends June 30, 2005.

How to Calculate with New Rates
Calculations on F&A rates that cross fiscal years can be made as follows:

1. Look at your budget period and determine how many months fall into each fiscal year. For example, if the Budget Period is 12/1/05 – 11/30/06, seven months are in FY06 and five months are in FY07.

2. Then divide the Modified Total Direct Costs (MTDC) for each budget period by 12, and then multiply the result (quotient) by the number of months falling into each fiscal year. This will yield the MTDC for each year. So, in our example, if the annual MTDC is $150,000, then dividing this by 12 produces $12,500. Multiplying the monthly MTDC of $12,500 by the number of months occurring in a given fiscal year appropriately separates the MTDC amounts. The project has seven months in FY06 for a total of $87,500 MTDC, and the project has five months in FY07 for a total of $62,500 MTDC.

3. Next, apply the appropriate F&A rate to the MTDC for each fiscal year. In our example, the FY06 MTDC of $87,500 is multiplied by the FY06 F&A rate of 52.5%, equaling $45,938; and the FY07 MTDC of $62,500 is multiplied by the FY07 F&A rate of 53.5%, equaling $33,437.

4. Finally, by adding the F&A costs calculated for each fiscal year period, you obtain the total F&A for the budget period. In our example, $45,938 plus $33,437 equals $79,375. The total F&A for this project’s budget period is $79,375.

NIH Budgets Checklist Page
To reflect rate changes on the National Institutes of Health (NIH) Checklist Page, make sure to do the following:

- Show total MTDC as Amount of Base
- If two rates apply in a given budget period, show both, as Old Rate/New Rate (i.e., 52.5/53.5)
- In Section 3, F&A Costs, show total F&A costs for each budget period
- Add clarification in the Explanation Section (e.g., “Please note: F&A rate prorated to reflect scheduled rate changes effective July 1 of affected years.”)

Also, please be aware that it may sometimes be difficult to fit the applicable F&A rate(s) onto the National Institutes of Health (NIH) face page, so it may be necessary to reduce the font size.

continued on p. 4

For more Research Grants & Contracts (RGC) information, please call 503-494-7784, or visit the RGC website: http://www.ohsu.edu/research/rda/rgc/
**Non-NIH Budgets**

When explaining rate changes on Non-NIH Budgets, be sure to do the following:

- Calculate correct F&A for each budget period and enter it on budget pages.
- In the Budget Justification, add an explanatory paragraph stating:
  
  "Indirect costs have been prorated for each budget year, calculated at the appropriate federally negotiated Facilities & Administrative Rate for each fiscal year (July – June).
  
  "FY2005 @ 51% MTDC*
  "FY2006 @ 52.5% MTDC
  "FY2007 @ 53.5% MTDC
  "FY2008 and beyond @ 54% MTDC"

**MTDC Defined**

"*Modified Total Direct Costs equal Total Direct Costs minus 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."

Also bear in mind that with new incremental F&A increases, modular budgets may be affected.

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**Cost Sharing Reminders**

Department administrative staff overseeing sponsored projects with associated Cost Sharing (C/S) accounts in Oracle Grants Accounting (OGA) should remember that expenses need to be directed to the C/S accounts in a timely manner. Also, remember that sponsoring agencies expect cost sharing to happen simultaneously with other spending, not be held until the end of the project.

Typically, most cost sharing is done via a Labor Distribution (LD) adjustment, moving pay to equal cost shared effort to the OGA C/S account, and this is easily accomplished with decentralized LD adjusting.

Responsibility for moving appropriate expenses into the C/S account rests with the department, so department administrative staff and project managers are encouraged to review their C/S projects and make sure costs have been moved there.

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**“Final Close” on Grant PO’s**

Sponsored Projects Administration (SPA) suggests as a best practice for proactive grants management that department administrative staff monitoring sponsored projects remember to “finally close” Purchase Orders (PO’s) once all invoices have been received and paid, and the PO’s useful life cycle has ended. Please note that there is a distinction between “closing” a PO and “finally closing” it. Making the practice of “finally closing” PO’s routine will help clear open encumbrances on undelivered items and eliminate small discrepancies between the PO and the invoice.

As a best practice, this will also prevent further matching of invoices to $0 lines and stop future amendments or additions to inadvertently open PO’s residing on closed projects. Unfortunately, until a PO is “finally closed,” Accounts Payable (AP) can still match to it and post charges against it.

To see unclosed PO’s, go to “PO Inquiry by Project/Requestor” and click on the “projects” tab. Entering the project number here will display all PO’s associated with the project. It is also possible to highlight the project number and select the “commitments” button to display a list of open PO’s, some of which may have encumbrances of $0 that are still preventing “final close.”

Routinely going through to “finally close” PO’s will also help to facilitate the closeout process because it will prevent late charges from interfering with close out procedures. Cleaning up open PO’s also represents clean administrative practice and good grants management.
Clinical Trials Procedures Documentation Online

For those involved in the management of clinical trials, Sponsored Projects Administration (SPA) has recently posted on its website, SPA procedures related to the project start and end dates of industry sponsored clinical drug/device investigations, also referred to as “Clinical Trials.” Please note that this new procedure requires no action on the part of department staff.

Documents Existing Procedures
In addition to providing clarity by documenting existing procedures for establishing the project duration (start and end date) to be set in Oracle Grants Accounting (OGA), the new procedure document sets forth the following “End Date Extension Procedure”:

- Reports will be run on monthly basis by SPA to determine projects that will be ending within 60 days.

- If project was reviewed by the OHSU IRB:
  - SPA Clinical Trial Analyst will access IRB database and review IRB approval status and dates for IRB study associated with OGA project.
  - If IRB approval is effective for a period past the current end date, the OGA project end date will be extended to 90 days past the valid IRB approval period and will notify the Study team via email that the OGA project end date has been extended.
  - If IRB approval is not effective past the current project end date, the Analyst will ask Study team if the project has ended. If the project has ended the Project Fiscal Manager submits a completed Project Status Form to SPA. If the study is not ended, the OGA project end date will not be extended and the Study team will be notified that they will need to provide a completed and approved Project Status Form as well as obtain continued IRB approval before the project end date will be extended.

The full text of these procedures related to Clinical Trials can be found on the SPA website: [http://www.ohsu.edu/research/rda/spa/docs/indctedproc.pdf](http://www.ohsu.edu/research/rda/spa/docs/indctedproc.pdf)

Any questions about these or other clinical trials procedures should be directed to Jerry Grabner, Clinical Trials Analyst, SPA, at 503-494-6827 or grabnerj@ohsu.edu, or in the case of Clinical Trials related to the Portland Veteran’s Affairs Medical Center (PVAMC) to Cynthia Moore-Woldridge, Systems & Compliance Supervisor, SPA, at 503-494-1185 or moorecyn@ohsu.edu.

Labor Distribution (LD) Reminders

Decentralized Oracle Labor Distribution (LD) has been designed to suspend approval on any distribution changes requiring authorization by central administration (i.e., changes over 90 days in arrears, or changes affecting closed effort periods). To address compliance issues raised by the new, decentralized LD process, Sponsored Projects Administration (SPA) has developed a Labor Distribution Cost Transfer Form. This form and accompanying instructions for the form are available on the SPA website: [http://www.ohsu.edu/research/rda/spa/docs/pdfc_form.pdf](http://www.ohsu.edu/research/rda/spa/docs/pdfc_form.pdf)

Please accept the following reminders and tips when submitting a Labor Distribution Cost Transfer Form to SPA:

continued on p. 6
Effort Certification Statements Due Now

Sponsored Projects Administration (SPA) would like to thank those departments that have already submitted signed Effort Certification Statements for the last effort period, June 14, 2004 through December 12, 2004 (JUN-DEC04). Signed effort statements were due February 16, 2005.

Please make every effort to complete, sign, and return any outstanding Effort Certification Statements as soon as possible.

OHSU’s biannual effort certification system was developed in response to federal requirements set forth in the Office of Management and Budget (OMB) Circular A-21. The policies and provisions in A-21 are required for all institutions that receive federal funds. According to A-21, institutions must be able to document the distribution of charges using an acceptable method. This means that effort charged to federally sponsored projects must be certified. Failure to timely comply with A-21 can have serious institutional consequences. We appreciate your work to keep OHSU compliant with the requirements of our federal sponsors.

If you have any questions or concerns about Effort Certification Statements, please contact Cynthia Moore-Woldridge, Systems & Compliance Supervisor, SPA, 503-494-1885 or moorecyn@ohsu.edu.

OGA Installment Numbering

Affecting Oracle Grants Accounting (OGA) users who view "Award Installments," Sponsored Projects Administration (SPA) has introduced a new installment numbering schema on OGA Awards (non-clinical trials). This new schema introduces a series of suffixes to the OGA Award Installment numbers that allow carryovers to be noted separately. Now installments are sorted by year so that carryovers and supplements will be located in a logical order.

01, 02, 03, 04, 05
Represent the year of funding or budget period

01A, 02A, 03A, 04A, 05A
Amendment apply to year of funding or budget period

01S, 02S, 03S, 04S, 05S
Supplement apply to year of funding or budget period

01-C, 02-C, 03-C, 04-C, 05-C
Carryover to next year of funding or budget period

01+C, 02+C, 03+C, 04+C, 05+C
Carryover from prior year of funding or budget period

continued on p. 7
Example:

01  DHHS PI  Funding  
G################A  $50,000.00
01-C  Carryover to yr 2  Funding  
G################A  -$10,000.00
02  DHHS PI  Funding  
G################B  $50,000.00  
02+C  Carryover from yr 1  Funding  
G################B  $10,000.00
02A  Amendment yr 2 (non-financial)  
02S  Supplement yr 2  Funding  
G################B  $15,000.00
02-C  Carryover to yr 3  Funding  
G################B  -$5,000.00

This new installment numbering schema has begun to be implemented, so you should expect to start seeing changes reflected on your OGA Awards over the next several months.

Instructions for how to use the Award Management screen, including where to view installments in OGA, are online at:  
http://www.ohsu.edu/research/rda/spa/docs/ogamanuals/chapter3.4.doc

Please be aware that there are also 2 queries in the OGA Data Warehouse that are useful for viewing installment information:

- DISCODW.OGA Budget - Installments
- DISCODW.OGADW Award Installments

If you have any questions or concerns about the new installment numbering schema, please contact SPA Account Set-up Coordinator, Becky Brown at 503-494-1884 or brownr@ohsu.edu.

To learn the latest about Oracle at OHSU, visit the Administrative Information Systems (AIS) website:
http://ozone.ohsu.edu/ais/index.shtml

OGA Training

Those involved in sponsored projects management are invited to attend Oracle Grants Accounting (OGA) training classes. Classes explain available OGA Reports and demonstrate how to navigate through the OGA system to find extensive award and project information.

Contact Juris Solovjovs at 503.494.9806 or email solovjovs@ohsu.edu to register.

OGA Training Classes

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Oracle Drop-In Sessions

Oracle Drop-In Sessions are an opportunity for end users who have already been trained in Oracle to get one-on-one help in the system. Several Oracle Trainers will be present at each of these sessions to answer any specific OGA questions or to provide help designing your reports.

Oracle Drop-In Sessions

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Spring 2005 PEP Classes

Spurred Projects Administration (SPA) is pleased to invite pre-registration for the first three courses in the Spring 2005 Post-award Education Program (PEP) series. Offered twice annually, the series of PEP courses focuses on the fundamentals of post-award sponsored projects management.

**SPA 101**
**Thursday, March 24, 2005**
2:00 pm – 4:00 pm
Medical Research Bldg, R310
(pre-registration required)

**OMB Circulars and Beyond**
**Tuesday, March 29, 2005**
2:00 pm – 4:00 pm
Medical Research Bldg, R310
(pre-registration required)

**Costing and Cost Transfers**
**Wednesday, April 6, 2005**
2:00 pm – 4:00 pm
Medical Research Bldg, R310
(pre-registration required)

The PEP curriculum includes regularly offered courses on key sponsored project management themes. Taught by experienced SPA personnel, these courses are designed to provide “departmental administrative staff” (including department administrators, division managers, department fiscal managers, department effort coordinators, etc.) with a strong foundation in the essential elements of post-award sponsored project management.

Enrollment in these courses is limited to 25 and pre-registration is required. To register, please contact SPA Education at spaedu@ohsu.edu or 503-494-9063. *Please remember to specify which course or courses you would like to attend.*

**SPA 101** provides an overview of the post-award cycle and explores the distribution of responsibilities and oversight within the Sponsored Projects Administration office. In order to assure that every sponsored project at OHSU is managed properly, SPA staff members are assigned very specific roles. While some of these roles are defined by oversight of particular departments, institutes or centers, others are delineated by responsibility for specific stages or aspects of the on-going administration of a project. In this course, departmental administrative staff will acquire a basic knowledge of the inner workings of SPA in order to understand and more thoroughly understand the policies and procedures involved in the successful management and documentation of post-award activities.

**OMB Circulars and Beyond** focuses on examining A-21, A-110, and A-133, three Circulars issued by the federal Office of Management and Budget (OMB) to define the principles and standards for agreements between federal agencies and research institutions. Detailed and complex, these Circulars can be difficult to understand, but a clear understanding of their central principles is essential for effective sponsored project management at OHSU.

**Costing and Cost Transfers** moves step-by-step through general cost accounting standards as well as the stages involved in a cost transfer. Because all project costs must be appropriately charged to accounts according to accepted cost accounting principles as well as institutional policies and the federal regulations applicable to sponsoring agencies, completed transactions ideally should not need correction. However, in certain circumstances, changes are required to move expenses between research projects, expenditure types, or different types of funds at OHSU. This process, known as a cost transfer, is allowable only with proper justification, documentation, and approval.