



**Harvard Pilgrim Health Care, Inc.
Harvard Pilgrim Health Care Institute, LLC**

Office of Sponsored Programs

Policy and Procedure

TITLE: Facilities and Administrative Costs (F&A)

PURPOSE:

To provide guidance to investigators and staff regarding F&A on all sponsored programs.

PERSONS AFFECTED:

This policy & procedure (P/P) applies to all Harvard Pilgrim Health Care, Inc. (HPHC) and Harvard Pilgrim Care Institute, LLC (HPHCI) (collectively, HPHC) personnel engaged in research, teaching or research administration activities in support of the charitable and educational mission of HPHC, Inc.

POLICY:

It is the policy of HPHC to charge the full Facilities and Administrative rate (also known as F&A, indirect costs, or overhead) on all sponsored programs. The F&A rate is negotiated with the Department of Health and Human Services (DHHS), Division of Cost Allocation, New York Office. The Office of Sponsored Programs (OSP) provides investigators with current F&A rates and information.

DEFINITIONS (see GLOSSARY for meaning of the terms listed below):

Strategic Technical Partner (STP) means vendors (companies) that provide necessary technology and expertise *that is not available in house*, to develop critical technology and programs under a grant or contract. Qualifying technology and computing services include data storage, managed hosting or cloud services, and software development, design, management, and maintenance.

PROCEDURE:

HPHC has negotiated two F&A rates with DHHS. The on-site rate is applicable to all sponsored programs for which the activities are to be conducted at HPHC. The off-site rate is applicable to some HPHC research programs for which the work is primarily based outside of HPHC. When it is uncertain which rate should be applied, the HPHC Director of the Office of Sponsored Programs (DOSPP) will make the final determination.

F&A on Subcontract Agreements

In accordance with our rate agreement, the currently active F&A rate will be charged on the first \$25,000 of each subcontract, in accordance with sponsor policies.

F&A on Strategic Technical Partner Vendor Agreements

HPHC is committed to supporting research through policies that enable grant and contract competitiveness and allow researchers to develop health IT projects with technology infrastructure that is not available in house. The STP designation identifies companies who do not meet the level of subcontractor but contribute more significant IT infrastructure than would be expected from a vendor. The distinction of STP is approved based on the work that is provided per project and not per vendor. Companies such as StatLog, Amazon Web Services or Microsoft Azure via Marketplace may be an STP for one project, but a vendor on another. HPHC may charge IDC on the first \$25,000 of each STP per project. (See P&P Subcontractor, Vendor (Contractor), Consultant for detailed description.)

F&A on Modular grants

F&A costs on modular grants should be requested based on the total modular amount for each year of support.

Example 1: Modular direct costs budget with no sub = $\$150,000 \times 66\% = \$99,000$.

Example 2. Modular direct costs budget of \$150,000 with \$30,000 sub = $\$150,000 - \$30,000 + \$25,000 \times 66\% = \$95,700$.

F&A for Industry-Sponsored Programs

All proposals for industry-sponsored programs must be budgeted using the full on-site F&A rate, except under the following condition. An industry contract may use a lower F&A rate if the budget also includes earmarked direct costs for items typically covered under F&A such that the total of earmarked direct costs plus F&A recovery at the lower rate is equivalent to the amount that would have been recovered if the full F&A rate had been used. Earmarked direct costs can include charges for items such as: space, utilities, IRB services, OSP staff, or personnel whose salary is entirely paid by the Department conducting the research. This arrangement must be approved in advance by the DOSP.

F&A for Other Non-Federal Sponsors

Some foundations, international organizations, and other non-profit sponsors have institutional policies that limit the F&A costs they will pay to lower than the full HPHC negotiated rate. If these institutional policies are written and clearly documented, proposals from these sponsors can be budgeted using these lower rates if approved in advance by the HPHC DOSP.

When an F&A rate lower than the negotiated off-site rate is used, efforts should be made to include in the budget earmarked direct costs recoverable by HPHC that can offset some of the foregone F&A recovery. At a minimum, space costs should be budgeted based on the budgeted total FTE for personnel at a cost per FTE that will be determined each year by Institute administration. Other direct costs earmarked in this way may include: utilities, HSC services, OSP staff, or personnel whose salary is entirely paid by the department conducting the research.

F&A Costs for HPHCI Faculty Grants

All grants under the HPHCI Faculty Grants Program will be budgeted using a 10% F&A rate.

Waiving F&A

Under special circumstances, requests to waive F&A may be submitted in writing to the HPHC DOSP. Determination of such a request will be made based on the reason and how such a waiver will affect the financial outlook of the Institute.

REVISION HISTORY:

Department: OSP	Title: P & P Facilities and Administrative Costs
Effective Date: 3/10/2023	Owner: Director, Office of Sponsored Programs
Reviewed By/On: Compliance Committee 8/8/18	
Replaces P/P Dated: 9/1/2017; 3/2015; 9/1/2018; 6/1/2021; 11/22/22	
Related Documents: HPHC Rate Agreement; <u>NIH Grants Policy Statement 7.3 Direct Costs and Facilities and Administrative Costs</u>); Uniform Guidance 200.414,; Subcontract, Vendor, Consultant Policy	
References:	
Approved By: Charlotte A. Johnson	