



Harvard T.H Chan School of Public Health Research Administration

Guidance: Budgeting HUIDC for Multiple Subawards

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Background

The Harvard Chan School provides the infrastructure to further the teaching and research mission of the school. Grants and contracts reimburse the School for these costs, called indirect costs (IDC),-facilities and administration (F&A) costs, or overhead (OH), as a percentage of direct costs spent on the project. Sponsors allow the School to take IDC on subawards but the amount varies by sponsor. GMAS refers to this type of IDC as Harvard University Indirect Costs (HUIDC).

As expenses are allocated to sponsored accounts, the general ledger (GL) automatically charges the allowable percent of HUIDC as well. HUIDC percentages and amounts must be carefully considered at the proposal stage, to ensure this automatic charging does not cause cost overruns, while adequately reimbursing the School for infrastructure to administer subawards.

Purpose of Guidance

A sponsored project can generate multiple subawards to various institutions and investigators, depending on grant structure, such as program projects. This guidance establishes a consistent practice for budgeting indirect costs for multiple subawards to the same institution on a project per competing segment (e.g., five-year project period).

Summary of Guidance

For the purpose of budgeting and charging HUIDC to subawards, a subagreement will be issued for each ***separate scope of work*** (regardless of the PI or institution) on a project per competing segment.

Non-federal Sponsors

Follow the sponsor's grant policy regarding budgeting HUIDC for subawards. During the proposal development stage, always review the guidance for each application to ensure that there have been no changes. **Reminder:** Non-federal sponsors use Total Direct Costs (TDC) as a base for calculating IDC, please refer to the sponsor's terms & conditions regarding IDC allowability and exclusions.

Federal Sponsors

The Harvard Chan School's federally negotiated facilities and administration (F&A) rate agreement allows the School to assess HUIDC on the first \$25,000 of a subawardee's direct costs on all federal awards. A subagreement will be issued to and HUIDC will be assessed on the first \$25,000 of EACH subaward to an institution, *in the same project period*, for each separate scope of work. **Note:** Exceptions will be detailed in the program or funding announcements.

Supplemental Funding

For supplemental funding that have a different SOW from the initial subaward (i.e., COVID Supplements), budget for HUIDC on the first \$25,000 of the supplement. If you have questions, please consult with your SRA.

HUIDC Waivers

Waivers for HUIDC exclusions are rare and must be requested in writing. Should a waiver be necessary, please contact David Waxman (dwaxman@hsph.harvard.edu).

Example of a reasonable waiver: if a subrecipient PI moves from one institution (*already collected allowable HUIDC on subagreement*) to another institution (*requesting to waive the collection of HUIDC on the subagreement at the new institution*).

Examples: Use of IDC on Federal Awards with Multiple Subagreements to the Same Institution

Example #1: Federal Program Project Award

Admin Core:

- **SOW #1:** Dr. Washington (Boston Children's Hospital) - *HUIDC taken on 1st \$25K*
- **SOW #2:** Dr. Jefferson (UMass Medical) - *HUIDC taken on 1st \$25K*

Community Outreach Core:

- **SOW #3:** Dr. Monroe (Harvard Pilgrim) - *HUIDC taken on 1st \$25K*

Project 1:

- **SOW #4:** Dr. Adams (Harvard Pilgrim) - *HUIDC taken on 1st \$25K*

Project 2:

- **SOW #1:** Dr. Jackson (Boston Children's Hospital) - *HUIDC already taken on 1st \$25K on Admin Core*
- **SOW #5:** Dr. Jefferson (UMass Medical) - *IDC taken on 1st \$25K*
- **SOW #6:** Dr. Monroe (Harvard Pilgrim) - *HUIDC taken on 1st \$25K*
- **SOW #7:** Dr. Adams (Harvard Pilgrim) - *HUIDC taken on 1st \$25K*

Example #2: Federal Award with Supplemental Funding (*if SOW is different from initial subaward*)

Initial Subaward:

- **SOW #1:** Dr. Washington (Boston Children's Hospital) - *HUIDC taken on 1st \$25K*
- **SOW #2:** Dr. Jefferson (UMass Medical) - *HUIDC taken on 1st \$25K*
- **SOW #3:** Dr. Monroe (Harvard Pilgrim) - *HUIDC taken on 1st \$25K*
- **SOW #4:** Dr. Adams (Harvard Pilgrim) - *HUIDC taken on 1st \$25K*

Supplemental Funding with SOW different from initial subaward:

- **SOW #5:** Dr. Washington (Boston Children's Hospital) – *IDC taken on 1st \$25K*
- **SOW #6:** Dr. Jefferson (UMass Medical) – *IDC taken on 1st \$25K*
- **SOW #7:** Dr. Monroe (Harvard Pilgrim) – *IDC taken on 1st \$25K*

- **SOW #8:** Dr. Adams (Harvard Pilgrim) – IDC taken on 1st \$25K

GMAS Entry

When entering multiple subawards to the same institution into GMAS, a separate subrecipient should be entered for each original (segment initial year) subagreement executed. GMAS will create a unique reference number for each subagreement, the *Subagreement no.*, which allows for differentiation of SOWs/subawards to the same institution and PI.

Subrecipient ↕	Description ↕	Subagreement no. ↕	Status ↕	Subrecipient PI ↕
Ann and Robert H. Lurie Children's Hospital of Chicago	Lurie AMP	5121713	Active	Ellen Chadwick
Ann and Robert H. Lurie Children's Hospital of Chicago	Lurie HECC	5121239	Active	Ellen Chadwick
Ann and Robert H. Lurie Children's Hospital of Chicago	Lurie SAC Chadwick	5115568	Active	Ellen Chadwick

Figure 1 – Illustration of Subagreement number in GMAS

Use of Subaward Object Codes (8190, 8191, and 8192)

The Harvard general ledger provides three object codes for recording subaward expenses. They are available in the general ledger for Department/Local Level Managing Units to track subaward expenditures and their associated indirect costs. It is important to accurately record subaward expenditures in the general ledger since these transactions impact the sponsored base for indirect cost calculation.

Usage of subaward object codes is based on the sponsor and HUIDC allowability, per the sponsor's terms and conditions. Per the School's rate agreement with the Department of Health and Human Services, indirect costs are charged on the first \$25,000 of each subaward on a federal proposal. However, some non-federal sponsors, like the Gates Foundation, allow us to charge indirect costs on more than the first \$25,000. **Note:** Since federal subawards usually have a \$25,000 threshold, **do not use object code 8192 on federal subawards**

- **8190** (*assesses OH*) – this object code **must always** record the first \$25,000 of each subagreement no. in GMAS, regardless of the HUIDC rate. Use this object code until the \$25,000 threshold has been reached; invoices may require split coding and previous payments below \$25,000 should be considered. For small subawards, it may take multiple years to meet the threshold. **Note:** Buy-2-Pay (B2P) will default split coding by

percentages, however, use line-item entry for accuracy, as percentages may not give the correct amount. Also, regularly review the balance of this object code, as Harvard systems will not prevent you from charging over \$25,000 to this object code.

- **8191** (*does not assess OH*) – this object code records subaward expenses above the maximum threshold for assessing overhead (the portion not subject to Harvard F&A), typically \$25,000 but can vary by non-federal sponsor
- **8192** (*assesses OH*) – This object code records expenses beyond the initial \$25,000 that takes overhead but below the threshold at which overhead stops being assessed by the sponsor

Examples: Use of Subaward Object Codes

Example #1: Federal award: \$100K that can only charge overhead on first \$25K

- **First \$25,000 in subaward expenses:** use object code 8190
- **Subaward expenses above \$25,000:** use object code 8191

Example #2: Non-federal award: 3-year \$500K award that allows F&A on the first \$100K of subaward expenses each year

- **Year 1 (\$150K total):** \$25,000 to 8190, \$75,000 to 8192, and \$50,000 to 8191
- **Year 2 (\$150K total):** \$100,000 to 8192, \$50,000 to 8191
- **Year 3 (\$200K total):** \$100,000 to 8192 and \$100,000 to 8191

Revision History

9/19/22	CORRECTION: Corrects previous guidance and confirms that a subagreement will be issued for each <i>separate scope of work</i> (not by PI or institution) on an award per competing segment.
06/06/22	Added information & examples on the use of subaward object codes (8190, 8191, and 8192)
02/06/15	Procedure published