Calculating the Impact of the UG Subaward Exclusion

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Housekeeping Items

- Questions / Q&A

- PowerPoint Handout / Recording

- Evaluation / CPE Credits

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Agenda

➢ **About Maximus**

➢ **Introduction**

➢ Changes to the Subaward threshold
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➢ **For CRIS Users**

➢ **Maximus assistance**

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Maximus Higher Education Practice

Organization and structure

- Established in 1985
- Headquartered in Northbrook, IL, with multiple satellite offices across the country

Consulting services

- F&A proposal assistance, Space Survey, Negotiations
- Fringe benefit rate proposals
- Reviews of service/recharge centers

- Uniform Guidance Compliance Diagnostic
- Pre- and Post-Award Assistance

Software Solutions

- Comprehensive Rate Information System (CRIS®) (used by 90 of top 100 universities)
- WebSpace® — Space Inventory and Survey System
- Effort Reporting System®

40+	30	250+
Years of Experience	Full-time consulting and IT staff	Colleges and universities served

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Introduction

Change to Subaward threshold

Revisions to 2 CFR 200 went into effect 10/1/2024:

- Modified Total Direct Cost (MTDC) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first $50,000 of each subaward (regardless of the period of performance of the subawards under the award).

- MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of $50,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs and with the approval of the cognizant agency for indirect costs.

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Change to Subaward threshold

Note the following about the change in Subaward threshold:

- The new threshold cannot be implemented until the university negotiates a new F&A rate with their cognizant agency.

- It is not mandatory to increase the threshold, consider:

    - It will reduce administrative burden

    - It can result in higher F&A returns on the additional $25,000 – $50,000 in the base

    - It will increase the base, and thus can lower the F&A rate.

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What data is needed to determine the impact?

Data Required for Subaward Calculation

Subaward data needed:

- Subaward expenses to date, as of the end of the prior fiscal year (e.g. as of 6/30/2023, if looking at FY24 subaward expenses)

- Current year subaward expenses

- Chartstring/ Worktag/ Account Id / FOPAL/ Index that the subaward is under, and the cost pool assignment of the accounts.

- To determine the impact of the change, the F&A rate applicable to the subaward is needed.

- The indirect and base amounts of the current rates (before the change)

- The base amount that is subject to the Full F&A Rate, to determine impact of rate decrease in terms of recovery

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High level calculation examples

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Example A – Spend above threshold in prior years

Calculate Subaward Exclusion / Inclusion at Different Thresholds								
				$25,000	$25,000	$50,000	$50,000	Difference
Subaward Number	Cumulative Prior Yrs	Base Yr	Spend to Date	Excl fr Base	Incl in Base	Excl fr Base	Incl in Base	Add to Base
A04	60,000	10,000	70,000	10,000	0	10,000	0	0
A08	60,000	45,000	105,000	45,000	0	45,000	0	0
A12	60,000	55,000	115,000	55,000	0	55,000	0	0

- *If Cumulative Prior Yrs amount is greater than threshold, then threshold was exceeded prior to the base year, thus exclude all the "Base Yr" dollars from the base.

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Example B – No Spend in prior years

Calculate Subaward Exclusion / Inclusion at Different Thresholds								
				$25,000	$25,000	$50,000	$50,000	Difference
Subaward Number	Cumulative Prior Yrs	Base Yr	Spend to Date	Excl fr Base	Incl in Base	Excl fr Base	Incl in Base	Add to Base
A01	0	10,000	10,000	0	10,000	0	10,000	0
A05	0	45,000	45,000	20,000	25,000	0	45,000	20,000
A09	0	55,000	55,000	30,000	25,000	5,000	50,000	25,000

- *If "Spend to Date" is greater than the threshold, then exclude only the portion of base year amount over the threshold.

- *If "Spend to Date" is less than the threshold, then threshold has not been reached and all base year dollars should be included in base.

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Example C – Spend below threshold in prior years

				Calculate Subaward Exclusion / Inclusion at Different Thresholds				
				$25,000	$25,000	$50,000	$50,000	Difference
Subaward Number	Cumulative Prior Yrs	Base Yr	Spend to Date	Excl fr Base	Incl in Base	Excl fr Base	Incl in Base	Add to Base
A02	10,000	10,000	20,000	0	10,000	0	10,000	0
A06	10,000	45,000	55,000	30,000	15,000	5,000	40,000	25,000
A03	20,000	10,000	30,000	5,000	5,000	0	10,000	5,000

- *If "Spend to Date" is greater than the threshold, then subtract the threshold amount from the "Spend to Date" to find the amount to exclude. Subtract the exclusion amount from your base year spend, and include the remainder in the base.

- *If "Spend to Date" is less than the threshold, then threshold has not been reached and all base year dollars should be included in base.

Example D – Prior Years Spend between two thresholds

Calculate Subaward Exclusion / Inclusion at Different Thresholds								
				$25,000	$25,000	$50,000	$50,000	Difference
Subaward Number	Cumulative Prior Yrs	Base Yr	Spend to Date	Excl fr Base	Incl in Base	Excl fr Base	Incl in Base	Add to Base
A13	27,000	28,000	55,000	28,000	0	5,000	23,000	23,000
A14	40,000	18,000	58,000	18,000	0	8,000	10,000	10,000

- *If Cumulative Prior Yrs amount is greater than threshold, then threshold was exceeded prior to the base year, thus exclude all the "Base Yr" dollars from the base.

- *If "Spend to Date" is greater than the threshold, then subtract the threshold amount from the "Spend to Date" to find the amount to exclude. Subtract the exclusion amount from your base year spend, and include the remainder in the base.

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Impact to Base and Recoveries

				$25,000	$25,000	$50,000	$50,000	Impact to Base and Recoveries		
Subaward Number	Cumulative Prior Yrs	Base Yr	Spend to Date	Excl fr Base	Incl in Base	Excl fr Base	Incl in Base	Add to Base	F&A rate charged	Additional Recovery
A01	0	10,000	10,000	0	10,000	0	10,000	0	48%	0
A02	10,000	10,000	20,000	0	10,000	0	10,000	0	26%	0
A03	20,000	10,000	30,000	5,000	5,000	0	10,000	5,000	48%	2,400
A04	60,000	10,000	70,000	10,000	0	10,000	0	0	8%	0
A05	0	45,000	45,000	20,000	25,000	0	45,000	20,000	0%	0
A06	10,000	45,000	55,000	30,000	15,000	5,000	40,000	25,000	48%	12,000
A07	20,000	45,000	65,000	40,000	5,000	15,000	30,000	25,000	8%	2,000
A08	60,000	45,000	105,000	45,000	0	45,000	0	0	48%	0
A09	0	55,000	55,000	30,000	25,000	5,000	50,000	25,000	26%	6,500
A10	10,000	55,000	65,000	40,000	15,000	15,000	40,000	25,000	48%	12,000
A11	20,000	55,000	75,000	50,000	5,000	25,000	30,000	25,000	30%	7,500
A12	60,000	55,000	115,000	55,000	0	55,000	0	0	48%	0
Totals	270,000	440,000	710,000	325,000	115,000	175,000	265,000	150,000		42,400

Calculate Subaward Exclusion/Inclusion and Dollar Recovery at Different Thresholds

- Subaward data should include whether a subaward is On/Off Campus, Fed/ Non Fed (additional recoveries will not be realized on existing awards with grandfathered MTDC definitions.)

Impact to Rate

Base Year: 2023	Initial Base (On Campus)	New Base (B + D)	Base Increase (On Campus)	Alloc to Facil	Fac Rate Before	Fac Rate After	Possible Impact on Calculated Capped Rate	Additional IDC Recovery on Federal
Organized Research	$ 26,633,443	$ 26,758,443	$ 125,000	$ 9,094,102	34.15%	33.99%	-0.16%	$ 31,500
Other Sponsored Act	$ 16,457,667	$ 16,482,667	$ 25,000	$ 2,090,365	12.70%	12.68%	-0.02%	$ 1,800
Instruction	$ 105,464,239	$ 105,514,239	$ 50,000	$ 54,836,519	52.00%	51.97%	-0.02%	$ 20,000

- Numbers highlighted here come from calculated rate schedules for OR, OSA, and IDR
- Base increase will come from your award-specific calculations, with the appropriate base indicated.
- This format can be used to submit a rate impact statement for new rate negotiations or rate extension requests.
- (B+D) indicates Base plus Difference in MTDC

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Long-Term Impact to Rate

- In this example, the additional OR recoveries on subawards totaled $42,400. Does this increase in recoveries outweigh the effect of a lower rate when applied to my institution's other awards charging the full rate?

- Check:
  - ❑ Calculate revised rate with new threshold.
    - ▪ How much did my rate decrease with the new threshold?
  - ❑ Identify awards charging the full rate in my base year.
    - ▪ What is the total base amount at the full rate?
  - ❑ Apply the rate decrease to base amount charging the full F&A rate.
    - ▪ How much will my recoveries decrease on these awards?

- Other questions:
  - ❑ Have my subawards historically been more or less than in my base year?
  - ❑ When looking at my OR base, what portion is made up of subawards as opposed to prime awards?

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Gain/Loss Analysis	Totals
Awards recovering at the Full F&A Rate	15,000,000
Rate difference (OR)	-0.16%
Loss on recovery based on impact	(30,000)
Increase F&A return on $25K - $50K	42,400
Net Impact of Threshold Change	12,400

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Updating Your Model

- If you have already calculated your model using the $25k threshold and now need to incorporate the change to $50k, you can adjust the difference in your model.
- If you are starting fresh with the $50k threshold in your model, and you want to see the impact of the change, establish two sets of adjustments, one with the $25k threshold and another with the $50k threshold.
- If you have submitted a proposal and are drafting an impact statement, this can all be done in Excel, as shown in our examples.

For CRIS Users

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Incorporating Data into CRIS

Steps to take in CRIS

- Incorporate the data into the Adjustments/ Adjustment Group

  - Utilize/Create the adjustment group for Subcontracts

  - Create two adjustment groups so you can easily switch between two for impact

- Create an adjusting entry for each subaward that exceeds the threshold

  - If adjusting the amount below the threshold INTO the base (include), create entries with positive Other Expense to the proper cost pool

  - If adjusting the over the threshold amount OUT of the base (exclude), create entries with negative Other Expense to the proper cost pool

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Maximus assistance

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Assistance Available

Types of assistance available:

- Free resources – webinar and supporting template

- Utilize Maximus to perform calculation – contact Maximus for pricing at HigherEducationinfo@maximus.com

For CRIS Licensees:

- Maintenance hours can be used to have Maximus review the calculation

- Ask basic questions to the CRIS.Nethelpdesk@maximus.com

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Upcoming Events

- **18th Annual Facilities and Administrative (F&A) Long Form Virtual Workshop**
  Monday, April 14 – Thursday, April 17, 2025.   Each day's sessions will run from approximately 1:00 PM – 5:00 PM EST.

  This introductory virtual workshop provides an overview of the requirements under the OMB "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" (2 CFR Part 200) for preparing the Long Form F&A cost rate proposal. The virtual workshop will give cost accountants, cost analysis managers, administrators for research and sponsored projects, controllers, budget directors, and internal and external auditors a working knowledge and better understanding of the F&A rate development process. Interactive exercises and reference to a simplified rate proposal offer hands-on practice to participants. This course incorporates the most up-to-date information on 2 CFR Part 200, also known as "Uniform Guidance", and discusses the impact of these vital changes.

- **Virtual CRIS University: Introduction to CRIS Workshop through Zoom Web Conferencing -**
  Wednesday, May 14 – Tuesday, May 20, 2025.   Each day's sessions will run from approximately 1:00 PM – 5:00 PM EST.

  This live instructor led virtual introductory workshop provides university professionals who prepare F&A rate proposals with an overview of the Maximus Comprehensive Rate Information System (CRIS). Discounts may apply for CRIS Licensees.

  CRIS is compliant with Uniform Guidance 2 CFR Part 200 and the most proven and widely trusted F&A software in the industry. Over 250 institutions use CRIS to calculate and negotiate F&A rates. CRIS has demonstrated and proven the optimization of F&A reimbursement through thousands of negotiations with HHS-CAS and ONR.

- **2025 Webinar Schedule – To Be Announced Soon!**

  Please feel free to access our free Webinar Archive Library, which include a wide array of topics related to Research Administration.

- **Maximus 38th Annual Higher Education Hybrid Meeting (Chicago, September 10th - 13th)**
  The Maximus 38th Annual Higher Education Hybrid Meeting will be held in-person in Chicago, IL and virtually through Zoom online meetings!

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