



# CAS UPDATE

2018



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## Rebates/Credits Earned using Federal grant \$\$

- Rebates and credits are usually an incentive payment for procurement activities that occurred
- Example, a grant that uses purchasing card may get rebate of 2% buying \$100,000 of equipment
- How should this \$2,000 rebate be treated?

## Rebates/Credits Earned using Federal grant \$\$

- In some cases, HHS has received a check from the grantee representing the Federal share of the rebates and credits over the grantee's fiscal year; however this treatment does not benefit the specific programs
- Should the rebates and credits instead be used to reduce the overall indirect cost pool in order for each grant to benefit?

# Rebates/Credits Earned using Federal grant \$\$

- YES !!!!
- These rebates and credits should be treated as an offset to the indirect cost pool, unless a significant amount is traceable to a specific grant activity, in which case those rebates/credits should be allocated to offset the program expense. It would be administratively burdensome to match the rebate/credit with each individual purchase.
- Offset **must** be applied to the O&M cost pool in the F&A rate proposal

# Information Technology Expenses

- Usually included as indirect as G&A
- May charge direct through a recharge center. Initial facility and hardware infrastructure costs usually included in Building Depreciation

# Information Technology Expenses

- As the cognizant agency for indirect costs, we cannot dictate whether a non-federal entity charges IT cost direct or indirect, as long as they are consistent, and costs are allocated equitably. Direct charged IT cost is subject to awarding agency approval
- Specify in DS-2 whether Information Technology expenses charged as indirect or direct through a recharge center

# UBI Tax

- Unrelated business income (UBI) tax for qualified transportation fringe (pretax parking, MBTA benefit, etc.)
- As long as the IRS requires the institution to report the value of transportation benefits as unrelated business income, the tax is unallowable as a fringe benefit
- Although reasonable transportation benefits have been traditionally allowed as a fringe benefit expense, the UBI tax may not be included in the fringe benefits



# UBI Tax

- **§ 200.470 Taxes (including Value Added Tax).**
  - (b) For nonprofit organizations and IHEs:
    - (1) In general, taxes ..... are allowable, except for:  
.....
    - (iii) Federal income taxes.

# Micro-purchase threshold higher than **\$10,000**

- As per OMB Memo M-18-18, effective December 13, 2016, a \$10,000 micro-purchase threshold was established for contracts, grants and cooperative agreements for universities and other types of research organizations
- For grantees requesting a waiver for a higher Micro-Purchase threshold, Cost Allocation Services does not have responsibility for micro-purchase procurement

# **Micro-purchase threshold higher than \$10,000**

The contact for requesting a waiver for the micro-purchase threshold should be sent to Andrea Brandon, HHS-ASFR, shown below:

**Andrea L. Brandon**

**Deputy Assistant Secretary**

**Office of Grants and Acquisitions Policy and Accountability**

**Office of the Assistant Secretary for Financial Resources**

**(202) 690-6426**

**[Andrea.Brandon@hhs.gov](mailto:Andrea.Brandon@hhs.gov)**

# Rate Agreement Off-Campus Definitions

- CAS strongly recommends that each institution have an off-campus definition in the rate agreement that accurately describes what is considered off-campus activities
- Items such as direct cost limits implemented by NIH should not be in the rate agreement

# Rate Agreement Off-Campus Definitions

- Direct Cost Limits are handled at the grant level and not by our rate agreement. Our rate agreement should describe what the off-campus rate applies to, but not state limitations implemented by awarding agencies. It is not the responsibility of CAS to determine if lease costs are or are not included in the direct cost limitation. That is NIH's responsibility.

# Rate Agreement Off-Campus Definitions

- A special remark for an institution that leases space should state:
- ***The institution conducts research in leased space. Leased space is considered off-campus when..... The F&A rate applicable to this research is the negotiated Off-Campus rate.***

# Updated DS-2

- Eventually a new DS-2 form will be issued from OMB
- If making DS-2 changes to comply with current Uniform Guidance, send us amendments to your current DS-2 when submitting your next F&A rate proposal

## Updated DS-2

- If making other significant or material changes, send us amendment prior to making the change. Do not need to update entire old DS-2 form, just send amendment sheets
- When new DS-2 form is available, send new DS-2 with the next F&A rate proposal submission



# Rate Extensions

- A non-Federal entity can apply for a one-time extension (up to four years) on its most current negotiated rate.
- “Current negotiated rates” include only:  
Predetermined and Final rates  
(not “provisional” or “fixed” rates)

# Rate Extensions

- Rate extension requests will only be considered once in a rate negotiation cycle
- Subsequent one-time extensions (up to four years) are available if a renegotiation is completed between each extension request. Once there is a new negotiated indirect cost rate in effect, a non-Federal entity could request a one-time extension on that rate

# Northeast (New York) CAS Staffing

- January, 2019 and beyond
- Retirements
- Remaining Staff

