

UCAR Proprietary Information - Not to be distributed outside of UCAR/NCAR

# Indirect Cost Rates Overview

Presentation to the NSA

June 10, 2014

Rena Brasher-Alleva

Geoff Cheeseman

Justin Young



# Agenda

- NCAR's indirect cost pool
- UCAR's rates and flow down/cost pools
- New indirect cost rate methodology
- Managing with interim cost rates

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**Indirect Cost Rates Overview**

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# NCAR INDIRECT COSTS

Rena Brasher-Alleva  
NCAR Budget and Planning Director

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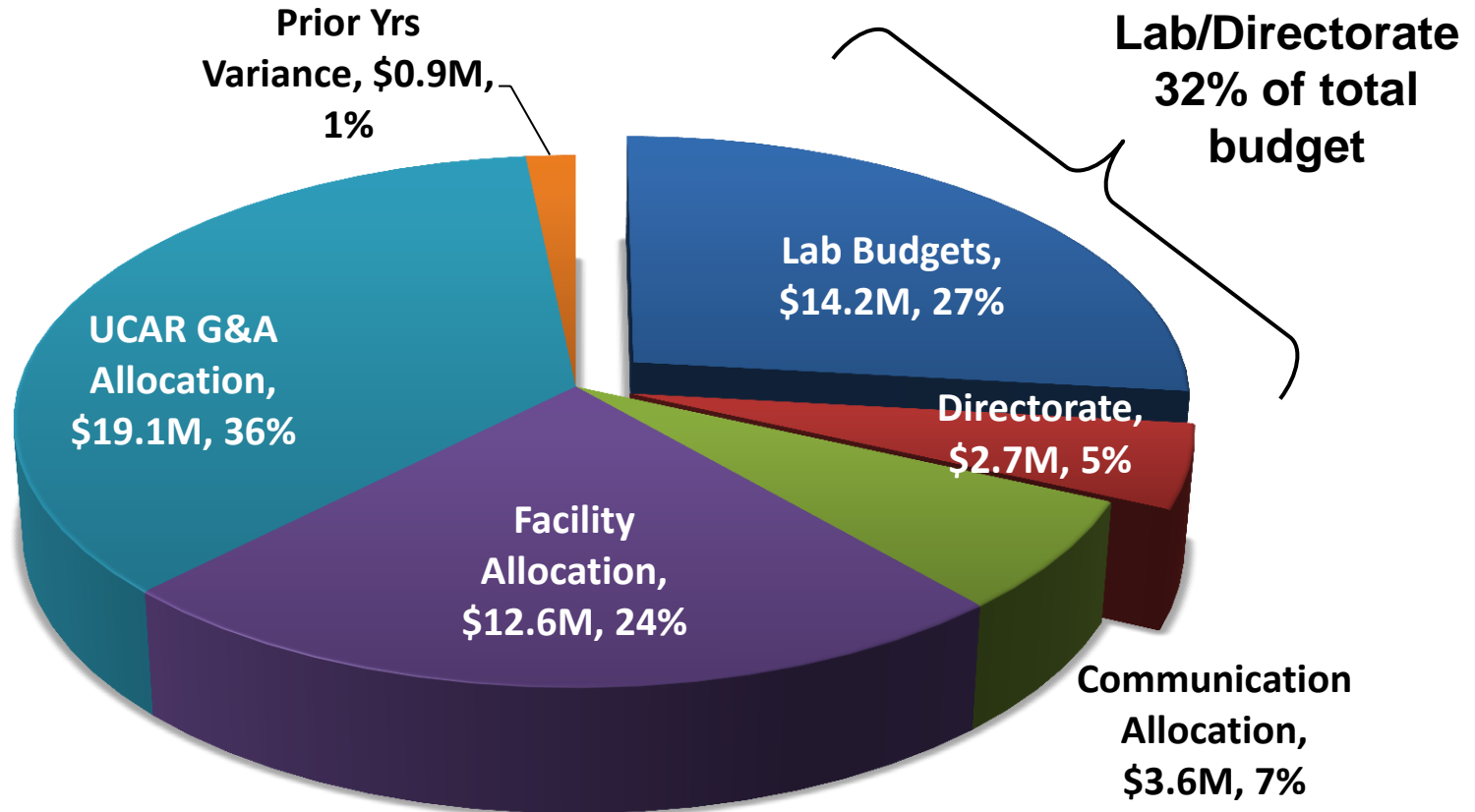
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# FY15 NCAR Indirect Cost Pool

## \$53.1M



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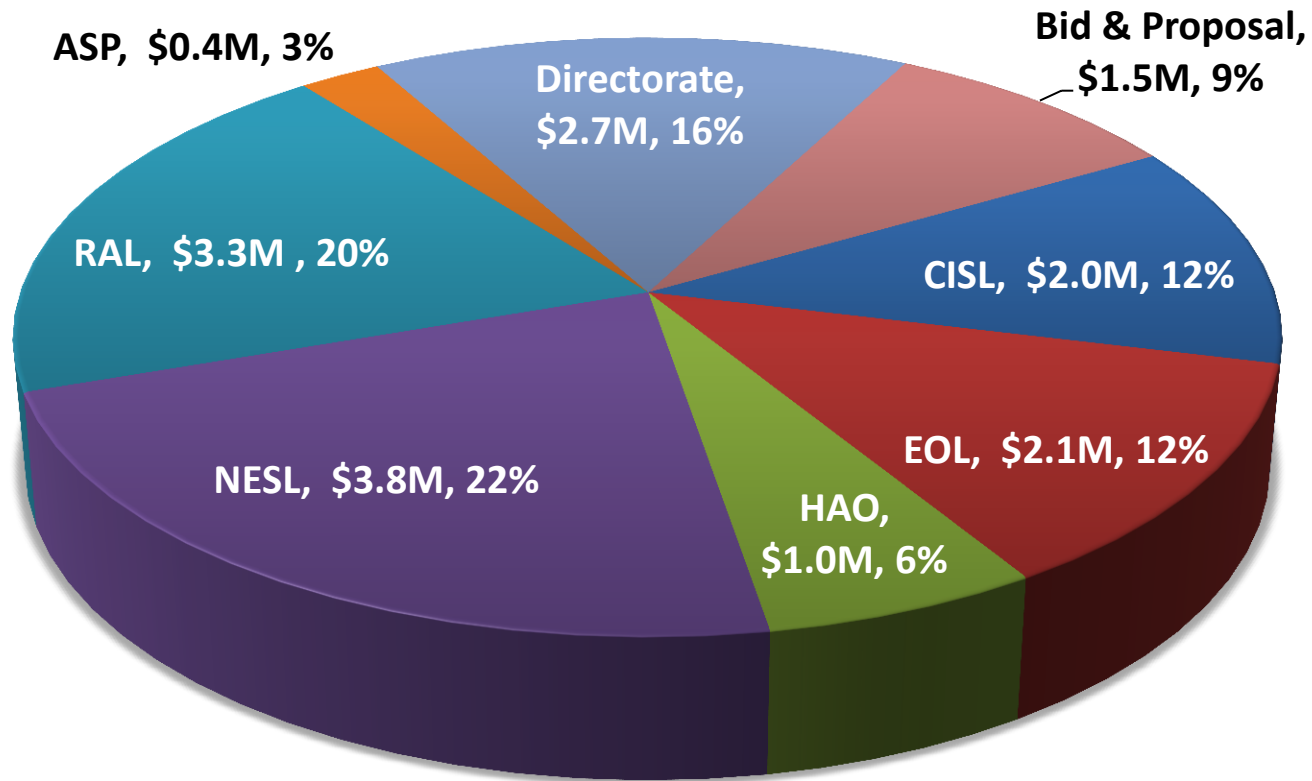
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# FY 2015 NCAR Indirect Budgets

## \$16.9M



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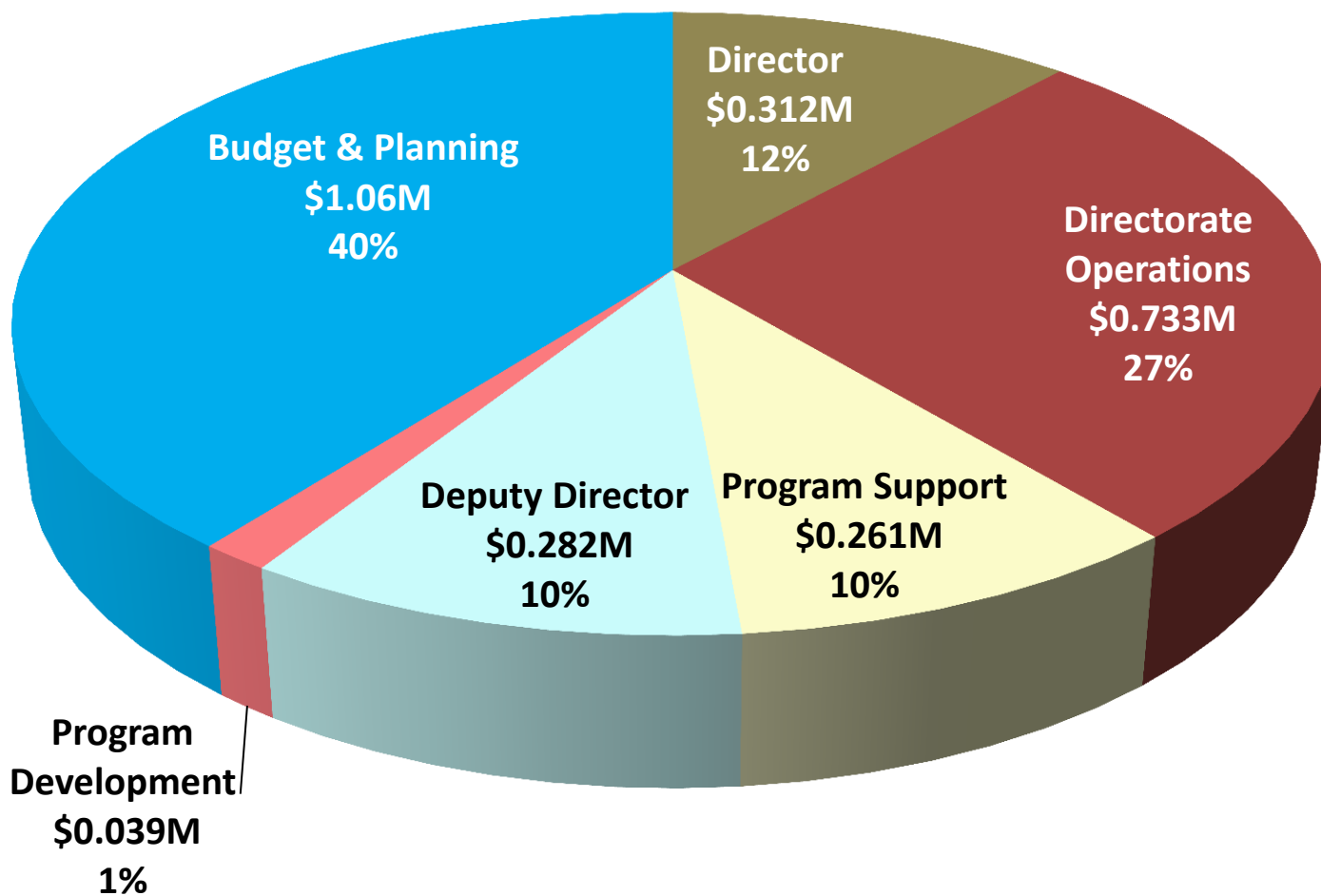
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# FY15 Directorate Budget

## \$2.7M



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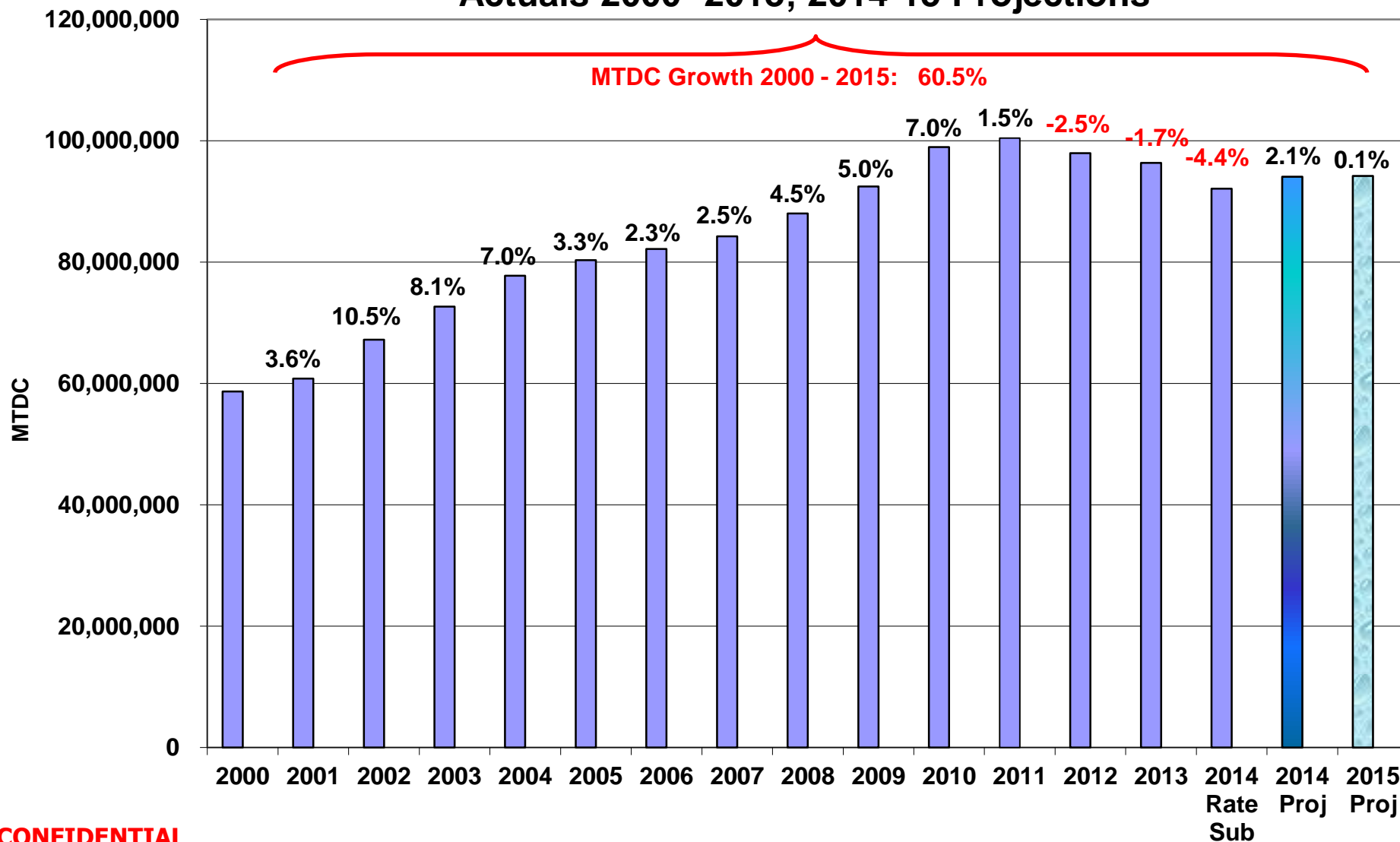
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# NCAR MTDC Expenditures

## Actuals 2000- 2013; 2014-15 Projections



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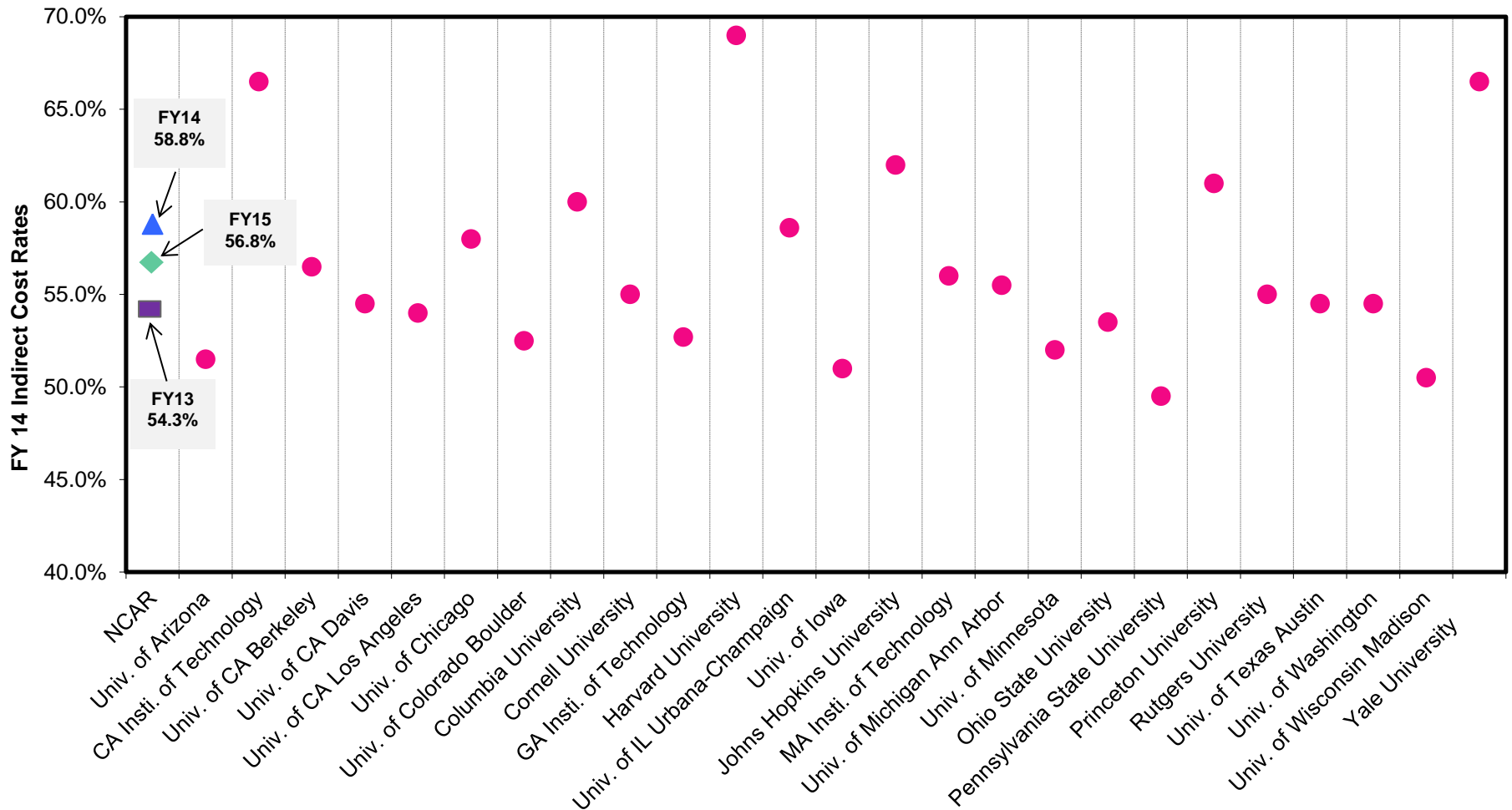


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## FY 14 Indirect Cost Rates of 25 Member Universities in Comparison to NCAR



Rates acquired from each universities' F&A Rate Agreement posted on their websites

Member Universities

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Justin Young  
Manager, Budget Analysis

# INDIRECT COST RATE OVERVIEW

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# Why do we have indirect cost rates?

## Federal Regulations

OMB Circular A-122, Cost Principles for Non-Profit Organizations

[http://www.whitehouse.gov/omb/circulars\\_a122\\_2004/](http://www.whitehouse.gov/omb/circulars_a122_2004/)

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# OMB Circular A-122

## Cost Principles for Non-Profits

- UCAR has funding from more than one sponsor and, therefore, OMB Circular A-122 provides guidance on:
  - Define direct vs. indirect costs
  - Provides a listing of costs that are “unallowable” (Alcohol, entertainment, marketing, lobbying)
  - Details methodology for developing indirect cost rates

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# Recent Methodology Change

## *FROM*

### *Fixed with Carry Forward*

- Fixed indirect rates are determined based on budgeted revenues and budgeted expenses
- Fixed indirect rates are applied throughout the fiscal year
- Variances based on actual revenues and expenses are carried forward (2 years) in order to adjust future indirect rate calculations (up or down)

## *TO*

### *Provisional and Final Rate*

- Provisional indirect rates are determined based on budgeted revenues and budgeted expenses
- Provisional indirect rates are applied during the fiscal year
- Final rates are calculated based on audited actual revenues and expenses
- Final rates are applied to award expenses, thereby recalculating indirect charges
- All indirect cost pools will have zero variances at the end of the fiscal year

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# Indirect Cost Pool Components

**Cost Pool** is comprised of expenses of like character in terms of the functions they benefit

**Allocation base** measures benefit to each function

Indirect Cost Pool / Allocation Base = **Indirect Cost Rate**

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# FY2015 Proposed Indirect Cost Rates

<u>Indirect Cost Rate</u>	<u>FY 2015</u>	<u>BASE</u>
<b>Employee Benefit Rates:</b>		
Reduced Benefit Rate	10.4%	Salary Worked*
Full Benefit Rate	55.3%	Salary Worked
Communications:	\$3,415	Headcount
Facilities Cost Rate:	\$23.62	GASF
UCAR G&A:	15.0%	MTDC+IC
<b>NCAR Indirect Cost Rates:</b>		
On-site	56.8%	MTDC
Off-site	43.0%	MTDC
<b>UCP Indirect Cost Rates:</b>		
On-site	35.4%	MTDC
Off-site	24.9%	MTDC

\* Includes casual employee and student visitor salaries

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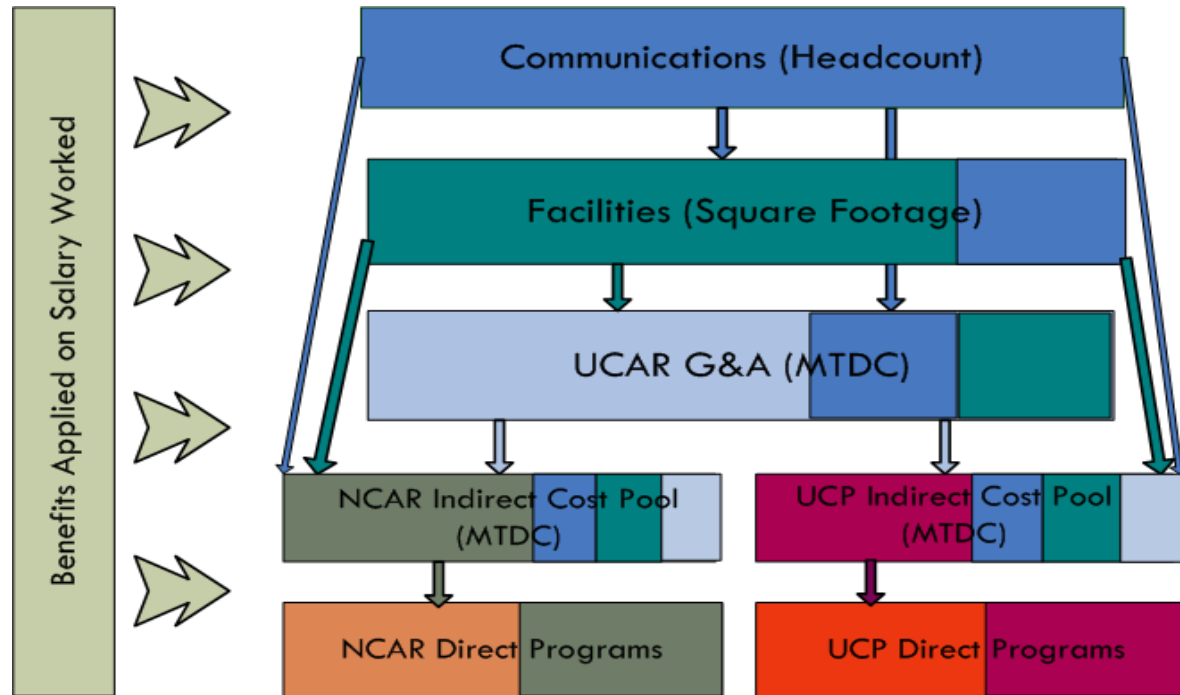


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# UCAR Indirect Cost Flow down



## Legend:

	Communications		NCAR ICP
	Facilities		UCP ICP
	UCAR G&A		NCAR Direct Programs
	Benefit Pool		UCP Direct Programs

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# Benefits Cost Pool - \$50.6M(FY15)

	FY2015 Budget
<b>All (Casual) Employee Benefits</b>	
FICA	7,590,000
Travel Accident Insurance	40,000
Unemployment Insurance	220,000
Worker's Compensation	250,000
Miscellaneous Other	600,000
Prior Year Variance	<u>926,065</u>
<b>Total All (Casual) Employee Benefits</b>	<b>9,626,065</b>
<b>Salary (worked) Base All Employees</b>	<b>92,600,000</b>
<b>Reduced (Casual) Employee Benefits Rate</b>	<b>10.4%</b>

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# Benefits Cost Pool - \$50.6M(FY15)

	FY2015 Budget
<b>Regular Employee Benefits</b>	
Group Life & Major Medical	11,000,000
TIAA/CREF	10,590,000
Educational Assistance	400,000
Disability	750,000
Severance	1,000,000
Holiday	3,704,000
Vacation	2,452,000
Sick Leave	1,763,000
Paid Time Off	9,122,000
Other Non-Work Time	150,000
	<hr/>
<b>Total Regular Employee Benefits</b>	<b>40,931,000</b>
 <b>Salary (worked) Base Regular Employees</b>	 <b>91,200,000</b>
 <b>Regular (Only) Employee Benefits Rate</b>	 <b>44.9%</b>
<b>Plus</b>	
<b>Reduced (Casual) Employee Benefits Rate</b>	<b>10.4%</b>
	<hr/>
 <b>Full Benefits Rate</b>	 <b>55.3%</b>

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# Communications Cost Pool - \$4.9M (FY15)

	FY2015 Budget
<b>Communications Cost Pool</b>	
Network Engineering & Technology Section	3,363,839
Enterprise Services	650,868
Network Security	683,859
Managing Collocation Computing Facilities	509,267
Prior Year Variance Carryforward	(297,765)
<b>Total Communications Cost Pool</b>	<b>4,910,067</b>
<b>Headcount Base (Boulder/Wyoming)</b>	<b>1,438</b>
<b>Communications Indirect Cost Rate</b>	<b>\$3,415</b>

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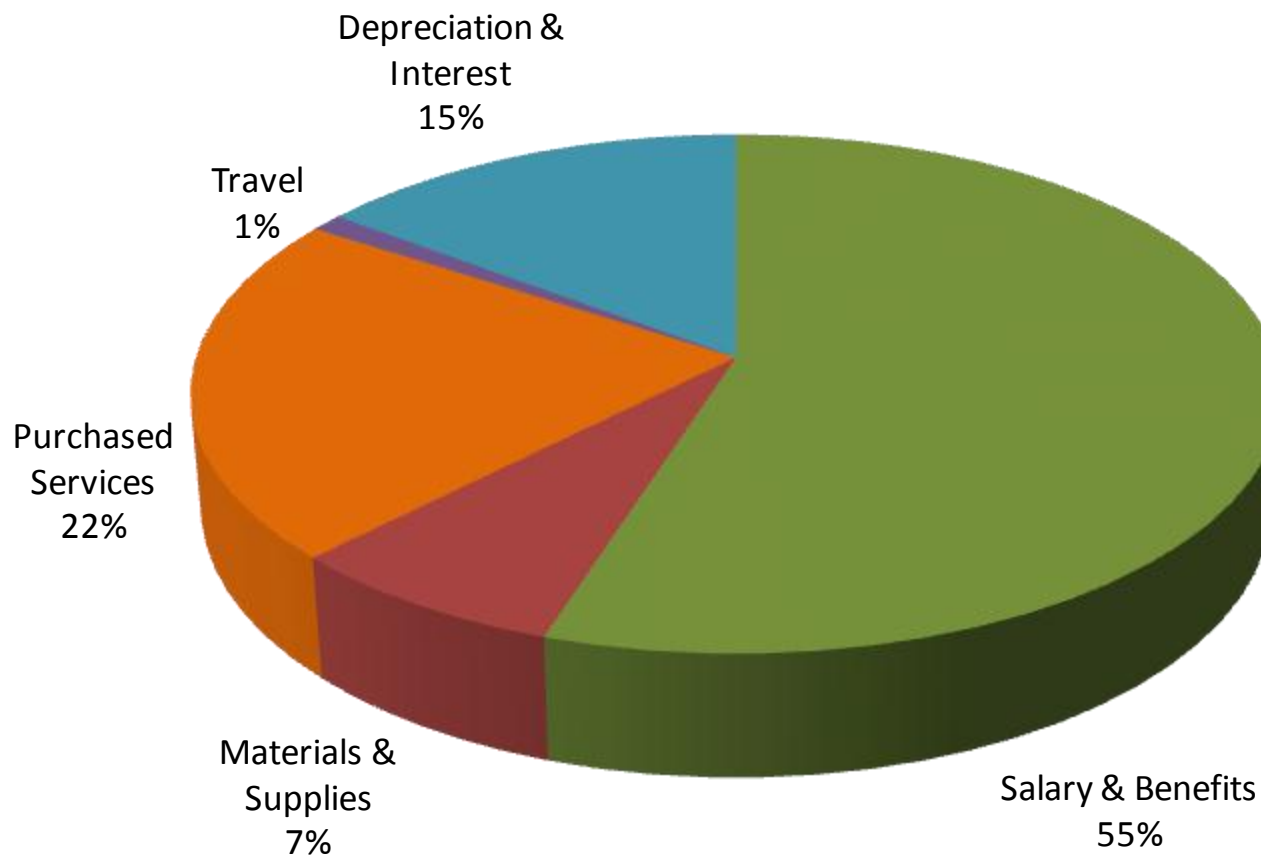


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# Communications Cost Pool - \$4.9M (FY15)



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# Communications Cost Pool - \$4.9M (FY15)

## FY2015 Budget

Communications			
Cost Center	Headcount	Allocation	%
NCAR	1,055	3,602,309	73.4%
UCP	157	536,078	10.9%
UCAR G&A	167	570,223	11.6%
Facilities	59	201,456	4.1%
<b>Total</b>	<b>1,438</b>	<b>4,910,067</b>	<b>100%</b>

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# Facilities Cost Pool - \$15.9M (FY15)

<b>Facilities Cost Pool</b>	<b>FY2015 Budget</b>
FMS Administration	431,434
Building Maintenance	3,481,332
Facilities Engineering	386,214
Move and Remodel	224,326
Utilities	2,247,821
FMS Business Applications	268,261
Space Project Office	221,482
Leases	175,694
Custodial	884,171
Building Debt Service	6,698,636
Logistic Services	495,037
Security Services	882,813
Health, Environment and Safety Services	125,000
Conference Services	505,876
Communications Allocation	201,456
Prior Year Variance Carryforward	(1,378,778)
<b>Total Facilities Cost Pool</b>	<b>15,850,775</b>
 <b>Gross Assignable Square Footage Base</b>	 <b>671,200</b>
 <b>Facilities Indirect Cost Rate</b>	 <b>\$23.62</b>

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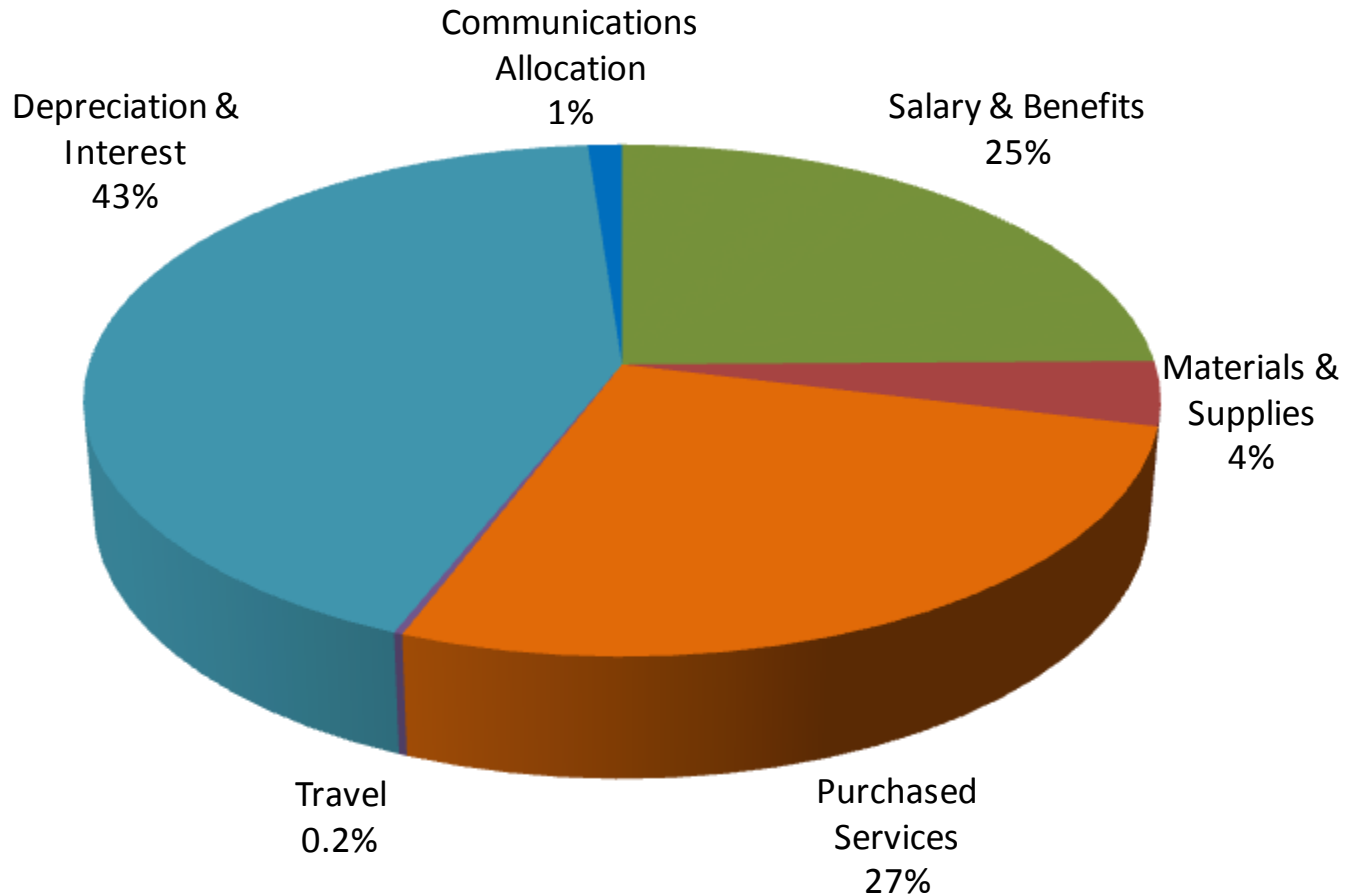


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# Facilities Cost Pool - \$15.9M (FY15)



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# Facilities Cost Pool - \$15.9M (FY15)

## FY2015 Budget

### Facilities

Cost Center	GASF	Allocation	%
NCAR	533,800	12,605,995	79.5%
UCP	59,000	1,393,319	8.8%
UCAR G&A	78,400	1,851,461	11.7%
<b>Total</b>	<b>671,200</b>	<b>15,850,775</b>	<b>100%</b>

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# UCAR G&A Cost Pool - \$24.2M (FY15)

<b>UCAR G&amp;A Cost Pool</b>	<b>FY2015 Budget</b>
Vice President	455,802
Special Projects & Internal Audit	222,170
Ombudsperson	14,995
Administrative Support	29,050
Treasurer	424,685
Information Technology	4,495,084
Budget and Finance	2,646,905
Contracts	1,860,872
Sustainability Program	126,346
Human Resource Office	1,840,378
Health & Environmental Services	413,368
Transportation Services	401,711
<b>Subtotal Finance &amp; Administration</b>	<b>12,931,366</b>

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# UCAR G&A Cost Pool - \$24.2M (FY15)

<b>UCAR G&amp;A Cost Pool</b>	<b>FY2015 Budget</b>
UCAR President's Office	5,194,421
Library Services	1,863,958
Community and Public Services (Spark)	1,303,837
UCAR Web Master	576,138
UCAR Officers	69,046
Communications Cost Allocation	570,223
Facilities Cost Allocation	1,851,461
Prior Year Variance - Carryforward	(142,927)
<b>UCAR UCAR G&amp;A Cost Pool</b>	<b>24,217,523</b>
 <b>Total MTDC Base + Entity Indirect Cost</b>	 <b>161,368,449</b>
 <b>UCAR G&amp;A Indirect Cost Rate</b>	 <b>15.0%</b>

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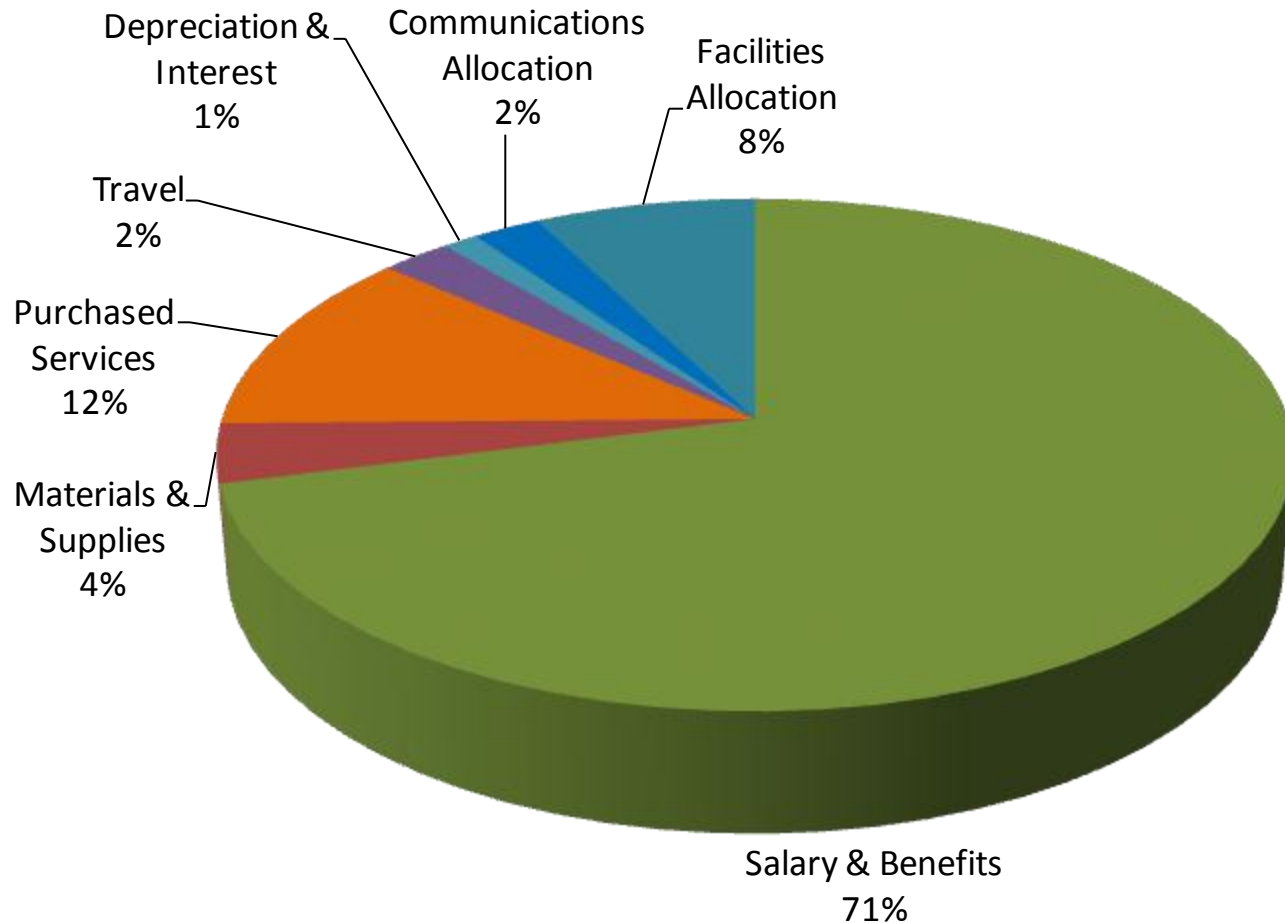


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# UCAR G&A Cost Pool - \$24.2M (FY15)



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# UCAR G&A Cost Pool - \$24.2M (FY15)

## FY2015 Budget

### UCAR G&A

Cost Center	MTDC+IC	Allocation	%
NCAR	127,301,562	19,104,903	78.9%
UCP	32,466,887	4,872,499	20.1%
UCAR Other	1,600,000	240,122	1.0%
<b>Total</b>	<b>161,368,449</b>	<b>24,217,523</b>	<b>100%</b>

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# NCAR Cost Pool - \$53.1M (FY15)

NCAR Cost Pool	FY2015 Budget
Laboratory Indirect Cost Pools	14,209,045
Director's Office	2,696,659
Communications Allocation	3,602,309
UCAR G&A Allocation	19,104,903
Prior Year Variance Carryforward	859,770
<b>Subtotal All (Off) site Cost Pool</b>	<b>40,472,686</b>
 NCAR MTDC All sites	 94,187,554
 NCAR Reduced Indirect Cost Rate (NWSC Off site)	 43.0%

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# NCAR Cost Pool - \$53.1M (FY15)

NCAR Cost Pool	FY2015 Budget
Facilities Allocation (On site only)	12,605,995
NCAR MTDC On site	91,647,265
Additional Indirect Cost Rate for On site	13.8%
Add NCAR Reduced Indirect Cost Rate	43.0%
NCAR On site Indirect Cost Rate	56.8%

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# Managing Indirect Cost Rates

## Indirect Rate Review Committee (IRRC)

**Rena Brasher-Alleva**

**Caron Chambers**

**Geoff Cheeseman**

**Melissa Miller**

**Kelly Smith**

**Gina Taberski**

**Justin Young**

**NCAR Budget & Planning**

**NCAR Budget & Planning**

**NCAR Budget & Planning**

**UCAR Budget & Finance**

**UCP Budget & Planning**

**UCAR Contracts**

**UCAR Budget & Finance**

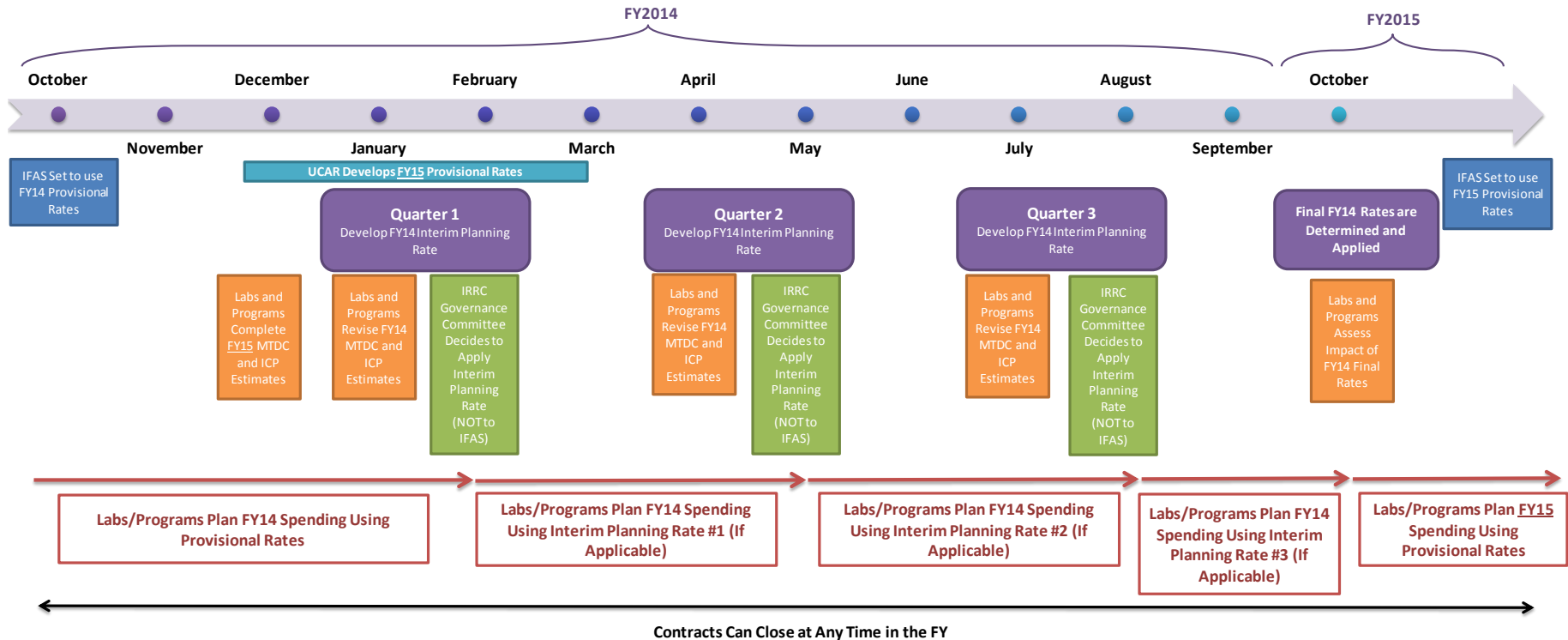


**UCAR President's Council - Operations**



# Managing Indirect Cost Rates

## New Indirect Rate Methodology Potential Timeline for Rate Projection



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# Managing with Interim Cost Rates

## *What Scientists Should Know*

Presentation to the NSA

June 10, 2014

Geoff Cheeseman

Manager, NCAR Budget & Planning Operations





# When Interim Rates (IR) are recommended by the IRRC and approved by PC-Ops:

- Rates in the accounting system of record will not be updated with IR
- Account managers will be required to manage to the new rates
- Particularly important to awards closing or with PoP concerns

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**Managing with Interim Cost Rates**

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# With Interim Rates...

- YTD loaded expenses, such as fully-burdened labor and non-labor items, will not be calculated in the accounting system using the interim rates
- Future encumbrances will not be calculated in the accounting system using interim rates

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# Managing: The Old Way

## Account Key by Expense Class

As of 5/31/2014

Account	ExpClass	Working Budget	Month to Date	2014 to Date	Encumbr.	Funds Avail.	% Used
5000	Salaries	262,363.87	21,921.18	137,584.33	92,480.80	32,298.74	87.7%
5100	Benefits	146,399.07	12,122.41	76,084.13	51,141.88	19,173.06	86.9%
5200	Materials & Supplies	999.96				999.96	0.0%
5300	Purchased Services	13,474.96	5,722.13	8,222.21	4,000.00	1,252.75	90.7%
5400	Travel	5,000.04				5,000.04	0.0%
5700	G&A Overhead/Burden	251,512.59	23,382.24	130,471.71	86,802.12	34,238.76	86.4%
Account Total		679,750.49	63,147.96	352,362.38	234,424.80	92,963.31	86.3%

Highlighted numbers are calculated with the provisional rate.

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Managing with Interim Cost Rates

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# Managing: The New Way

## UCAR Financial Management and Forecast Report

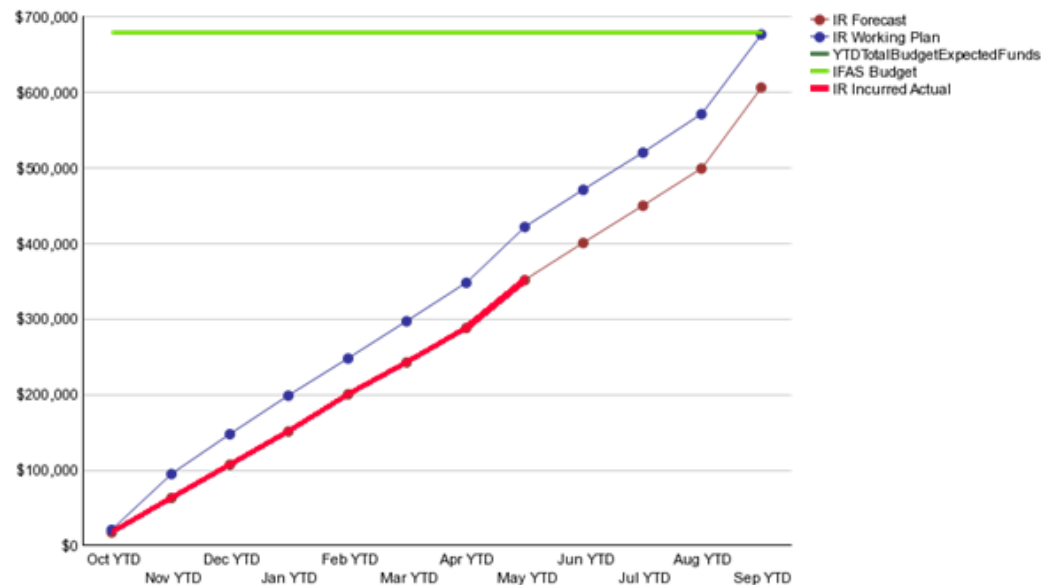
Account Detail  
Month End FY2014 - May Snapshot  
Report Through Pay Period: 2014 - 11

### Current Account Info

Account: 747261 - G-V Eng & Design  
Program Title: G-V Aero Engineering & Design  
Funding Source: NSF Regular/CORE Funding  
IFAS Contract No.: M0856145  
Contract No.: M0856145 NSF NCAR COOP  
Period of Performance: 10/01/2008  
User-specified POP:  
Notes:

Account Status: Active  
Program Lead: Albright, G.  
Proposal No.: ZZ  
Group: GV  
To: 09/30/2018  
To:

### FY Forecast Trend



### FY Account Forecast Summary

	IFAS Budget	Expected Funds	Total Expected Funds	IR Incurred Actual EOM YTD	IR Working Plan Remaining	IR Forecast	IFAS Budget vs IR Forecast	Funds Remaining
5000 - Salaries	\$262,364	\$ 0	\$262,364	\$137,584	\$92,481	\$230,065	\$32,299	\$124,780
5100 - Benefits	\$146,399	\$ 0	\$146,399	\$76,084	\$51,142	\$127,226	\$19,173	\$70,315
5200 - Materials & Supplies	\$1,000	\$ 0	\$1,000	\$ 0	\$1,000	\$1,000	\$0	\$1,000
5300 - Purchased Services	\$13,475	\$ 0	\$13,475	\$8,222	\$10,975	\$19,197	(\$5,722)	\$5,253
5400 - Travel	\$5,000	\$ 0	\$5,000	\$ 0	\$5,000	\$5,000	\$ 0	\$5,000
5700 - G&A Overhead/Burden	\$251,513	\$ 0	\$251,513	\$130,472	\$94,431	\$224,903	\$26,609	\$121,041
All Revenue and Expenses	\$679,750	\$ 0	\$679,750	\$352,362	\$255,029	\$607,391	\$72,359	\$327,388

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# Managing: The New Way

## YTD Forecast

	Non Salary Encumbrance	Oct YTD IR Incurred Actual EOM YTD	Nov YTD IR Incurred Actual EOM YTD	Dec YTD IR Incurred Actual EOM YTD	Jan YTD IR Incurred Actual EOM YTD	Feb YTD IR Incurred Actual EOM YTD	Mar YTD IR Incurred Actual EOM YTD	Apr YTD IR Incurred Actual EOM YTD	May YTD IR Incurred Actual EOM YTD	Jun YTD IR_Forecast	Jul YTD IR_Forecast	Aug YTD IR_Forecast	Sep YTD IR_Forecast
5000 - Salaries		\$7,390	\$26,135	\$42,717	\$60,414	\$80,187	\$97,187	\$115,663	\$137,584	\$157,689	\$177,793	\$197,898	\$230,065
5100 - Benefits		\$4,087	\$14,453	\$23,623	\$33,409	\$44,343	\$53,744	\$63,962	\$76,084	\$87,202	\$98,320	\$109,438	\$127,226
5200 - Materials & Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000
5300 - Purchased Services	\$4,000	\$0	\$0	\$1,500	\$2,500	\$2,500	\$2,500	\$2,500	\$8,222	\$8,222	\$8,222	\$8,222	\$19,197
5349 - Computing Service Center		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 - Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000
5700 - G&A Overhead/Burden	\$2,352	\$6,748	\$23,866	\$39,890	\$56,638	\$74,694	\$90,217	\$107,089	\$130,472	\$148,830	\$167,189	\$185,548	\$224,903
Total	\$6,352	\$18,225	\$64,454	\$107,729	\$152,962	\$201,724	\$243,648	\$289,214	\$352,362	\$401,943	\$451,524	\$501,105	\$607,391

## Monthly Actuals

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	All Months
5000 - Salaries	\$7,390	\$18,745	\$16,582	\$17,697	\$19,772	\$17,000	\$18,476	\$21,921	\$0	\$0	\$0	\$0	\$137,584
5100 - Benefits	\$4,087	\$10,366	\$9,170	\$9,787	\$10,934	\$9,401	\$10,217	\$12,122	\$0	\$0	\$0	\$0	\$76,084
5300 - Purchased Services	\$0	\$0	\$1,500	\$1,000	\$0	\$0	\$0	\$5,722	\$0	\$0	\$0	\$0	\$8,222
5700 - G&A Overhead/Burden	\$6,748	\$17,117	\$16,024	\$16,749	\$18,056	\$15,524	\$16,872	\$23,382	\$0	\$0	\$0	\$0	\$130,472
All Revenue and Expenses	\$18,225	\$46,229	\$43,275	\$45,232	\$48,762	\$41,924	\$45,566	\$63,148	\$0	\$0	\$0	\$0	\$352,362

## Employee Plan to Actual Summary

	Working Plan Remaining Pct on Key Current Pay Period	Incurred Actual EOM YTD		IR Forecast		Working Plan		Working Plan vs IR Forecast	
		Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount
	100%	849	\$160,502	1,474	\$278,798	1,775	\$335,602	300	\$56,803
	100%	1,086	\$117,388	1,711	\$185,034	1,775	\$191,912	64	\$6,877
	50%	456	\$61,416	769	\$103,546	887	\$119,519	119	\$15,974
Total		2,390	\$339,306	3,954	\$567,378	4,437	\$647,032	483	\$79,654

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Managing with Interim Cost Rates

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# Closing Awards

- Initial process the same; however, manage to interim rates.
- When work is completed and requirements met, contact your Administrator.
- Administrator will contact Finance to inactivate account and enter it Waiting Rate Approval (WRAP) status.
- Award account closed after final rate is applied.

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# How You Can Help

- Modified Total Direct Cost (MTDC) estimates more important with this methodology
- Spend as you say you are going to

Questions?

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