



Harvard T.H Chan School of Public Health
Research Administration

Procedure: Budgeting F&A for Multiple Subcontracts

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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 facilities and administration (F&A) costs, overhead, or indirect costs, as a percentage of direct costs spent on the project. As expenses are allocated to sponsored accounts, the general ledger automatically charges the allowable percent of overhead as well. The overhead percentage 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 subcontracts.

A sponsored project can generate multiple subcontracts to various institutions and investigators, depending on grant structure (such as program projects) and/or additional funding (supplements).

Guidance

For the purpose of budgeting and charging F&A to subcontracts, a subcontract is defined as a PI at an institution, regardless of the number of different scopes of work, budgets or subcontract documents issued, per competing segment.

Non-federal Sponsors

Follow the sponsor's grant policy regarding budgeting F&A for subcontracts. Always review the guidance before each application to ensure there have been no changes. Remember, non-federal sponsors use Total Direct Costs (TDC) as a base for calculating F&A unless specified in the sponsor's policy.

Federal Sponsors

The Chan School's federally negotiated facilities and administration (F&A) rate agreement allows the school to assess F&A on the first \$25,000 of a subcontractor's direct costs on all federal awards. Exceptions will be detailed in program or funding announcements.

Example of federal program project with multiple subcontracts to same PI/institution:

Admin Core:

- **Sub #1:** Dr. Washington (**Boston Children's Hospital**) - IDC taken on 1st \$25K
- **Sub #2:** Dr. Jefferson (**U Mass Medical**) - IDC taken on 1st \$25K

Community Outreach Core:

- **Sub #3:** Dr. Madison (**Channing Lab/BWH**) - IDC taken on 1st \$25K

Biostatistics Core:

- **Sub #4:** Dr. Monroe (**Harvard Pilgrim**) - IDC taken on 1st \$25K

Project 1:

- **Sub #5:** Dr. Adams (**Harvard Pilgrim**) - IDC taken on 1st \$25K

Project 2:

- **Sub #6:** Dr. Jefferson (**UMass Medical**) - IDC **NOT** taken on 1st \$25K here, but is taken in Admin Core
- **Sub #7:** Dr. Madison (**Channing Lab/BWH**) - IDC **NOT** taken on 1st \$25K, but is taken in Community Outreach Core
- **Sub #8:** Dr. Jackson (**Boston Children's Hospital**) - IDC taken on 1st \$25K

GMAS Entry

When entering multiple subcontracts to the same institution into GMAS, a separate subcontract should be made for each original (segment initial year) agreement executed. GMAS will create a unique reference number for each subcontract, the *Subagreement no.*; this allows for differentiation of subcontracts 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 Subcontract Object Codes (8190, 8191, and 8192)

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

- **8190** (*assesses OH*) – this object code records the first \$25,000 of each PI/institution subcontract combination. If Harvard overhead is to be taken on the account, 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
- **8191** (*does not assess OH*) – this object code records subcontract 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

Charging the First \$25K

Object codes are used, depending on the sponsor's terms and conditions. Per the University's rate agreement with the Department of Health and Human Services, indirect costs are charged on the first \$25,000 of each subcontract in 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 subcontracts usually have a \$25,000 threshold, **do not use object code 8192 for federal subcontracts**

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

- First \$25,000 in subcontract expenses: use object code 8190
- Subcontract 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 subcontract 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

06/06/22	Major updates: F&A will no longer be taken on multiple subs to the same institution/PI combination on the same sponsored competing segment. Added information & examples on the use of subcontract object codes (8190, 8191, and 8192)
02/06/15	Procedure published