



On-Campus and Off-Campus IDC Rates

Policy Statement

Indirect Costs (also called “Facilities and Administrative costs,” “F&A costs” or “overhead”) are payments from sponsors to Harvard University to cover expenses related to the overall infrastructure that supports research. Harvard has three different indirect cost rate agreements: Harvard University Area, Harvard Medical School, and Harvard School of Public Health. Each of these rate agreements, negotiated with the Department of Health and Human Services, Division of Cost Allocation, specifies an indirect cost rate to be used for research that is conducted on-campus, and another rate for research that is conducted off-campus. This document outlines the circumstances when it is appropriate to use an on-campus rate, and the circumstances in which it is appropriate to use an off-campus rate. All sponsored research proposals are to be submitted in accordance with the policy and procedures as noted within this document.

Reason for Policy

The Application of On-Campus vs. Off-Campus Indirect Cost Rates Policy is intended to do the following:

- Provide criteria for use of the on-campus and off-campus rates
- Define research that is primarily conducted off-campus
- Define research that is primarily conducted on-campus

Who Must Comply

All Harvard University schools, local units, and University-wide initiatives whose Federal sponsored programs are included in the three University indirect cost rate agreements.

Responsible Offices

FAS RAS
HMS SPA
HMS Finance
HSPH SPA
OSP

Related Information

Procedures

The DHHS rate agreement states: “the University uses the rate applicable to the location where the preponderance of the time and effort will be expended. Accordingly, each contract or grant is assigned only one indirect cost rate.” Therefore, prior to submitting a proposal to a funding agency, the principal investigator, in consultation with his or her cognizant sponsored research office (OSP, HMS SPA or HSPH SPA), must appropriately determine whether the preponderance of Harvard time and effort occurs on-campus or off-campus over the life of the project. That determination in turn informs whether an on-campus or an off-campus rate should be used, consistent with the terms of this policy. The preponderance of effort is determined by examining the proportion of time and effort that Harvard project personnel spend working on project activities in on-campus vs. off-campus locations. For these purposes, subawards and vendor agreements for services that may be performed off-campus should not be considered in this determination. The criterion for determining whether research is conducted on-campus or off-campus for the purposes of this policy is: When 50 percent or more of budgeted Harvard effort is performed on-campus, then the on-campus rate applies; when more than 50 percent of budgeted Harvard time and effort is performed off-campus, the off-campus rate applies.

NOTE: Research may occur in Harvard University Rented or Leased Space. The existence of a lease or rental agreement does not, in and of itself, indicate that the research activity is off-campus. Instead, one first must ask who is paying the rental or lease cost: is it the University or a research sponsor? If the rental or lease cost is billed as a direct cost and paid by a sponsor, then one must then ask whether the aggregate time and effort expended in that space is greater than the aggregate time and effort expended on the project in space that is owned by Harvard or that is rented or leased with Harvard’s own funds. For purposes of calculating the preponderance of effort, when the rental or lease cost of the space is included as a direct cost in the project budget and is paid as a direct cost by a research sponsor, then research time and effort that is expended in that space should be regarded as off-campus. Note that only one rate may be used in any one proposal.

Contacts and Subject Matter Experts

Cost Analysis Group (contact Amy Gustavsson at amy_gustavsson@harvard.edu)

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Definitions

“On-campus” is defined as research that is conducted in space owned by the University and for which the University is bearing the space costs, from University funds. For space used for on-campus research, the University has already included the costs associated with that space in the “facilities” portion of the on-campus F&A rate.

“Off-campus” is defined as research that is conducted in space not owned by the University and not otherwise paid for by the University from University funds. For space used for off-campus research, an external source (typically, a research sponsor) provides funding, either paying directly for space, or reimbursing the University

for its costs in renting or leasing the space, or otherwise directly providing space for research at no charge to the University. Accordingly, the Facilities portion of the on-campus F&A rate does not apply to the rental or lease costs of such space. “Rented or Leased Space” is defined as space that is used for research but not owned by the University, the costs of which are paid either from University funds or from funds provided by a research sponsor.

Revision History

7/25/13 – Added to OSP website in PDF format

7/25/13 – Removed Mark Barnes and Cathy Breen from contacts. Added Sarah Axelrod