Use of Object Codes 8190-8192 for Subcontract Expenses

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Three object codes are available for charging subcontract expenses to awards at Harvard:

8190: Used for first $25,000 of subcontract expenses.

8191: Used for subcontract expenses above the maximum threshold for assessing overhead, normally $25,000, but sometimes a higher figure as specified in the terms and conditions of certain non-federal awards.

8192: Used for subcontract expenses above $25,000 but below the threshold at which overhead stops being assessed, on certain non-federal awards for which the terms and conditions specify such a non-standard overhead threshold.

Example 1 (Federal awards):

First $25,000 in subcontract expenses: use object code 8190.

Subcontract expenses above $25,000: use object code 8191.

Only object codes 8190 & 8191 should be used for federal subcontracts.

Example 2 (3-year $500K non-federal subaward 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.

Notes:

1 – The first $25,000 of subcontract expenses must be charged to object code 8190, regardless of the overhead threshold, F&A rate, or the F&A basis (MTDC, HHSM, or TDC – see definitions below) so that those expenses will be included automatically in the sponsored base for the F&A rate calculation.
For consistency, the three subcontract object codes above should be used exactly as described, regardless of the F&A basis of the account being charged. Under MTDC and HHSM, overhead will be charged on 8190 and 8192 (if any) expenses, but not on 8191 expenses; under TDC, overhead will be charged on all subcontract expenses, regardless of object code.

Acronym Definitions:

F&A: “Facilities and Administrative” costs, also known as indirect costs or overhead costs.

HHSM: “Health and Human Services Modified” cost basis, a categorization that defines which direct-cost object codes are assessed F&A costs for federal training grants and certain fellowship awards.

MTDC: “Modified Total Direct Costs” cost basis, a categorization that defines which direct-cost object codes are assessed F&A costs for most sponsored awards. Under MTDC, F&A costs are not assessed on capital equipment, patient costs, stipends and tuition, etc., in addition to the subcontract costs as defined in this document.

TDC: “Total Direct Costs” cost basis, a categorization under which all direct-cost object codes are assessed F&A costs. The TDC cost basis is used for certain non-federal grants and contracts, usually ones that have a lower F&A rate than the predetermined rate negotiated with the federal government.