

HARVARD UNIVERSITY



On-Campus and Off-Campus Indirect Cost Rates Policy on Federal Sponsored Awards

Originally Issued: September 19, 2011

Last Revised: March 30, 2018

Responsible Office: Office for Sponsored Programs (OSP)

Policy Statement

Indirect Costs (also called “Facilities and Administrative (F&A) costs” or “overhead”) are payments from sponsors to Harvard University to cover expenses related to the research infrastructure. The University negotiates indirect cost rate agreements for the following three (3) areas: Harvard University Area, Harvard Medical School, and Harvard T.H. Chan School of Public Health. Each rate agreement specifies an indirect cost rate for on-campus sponsored programs for each year. This policy defines the circumstances which require the use of the on-campus versus off-campus rate for individual federal sponsored awards. Principal Investigators (PIs) and department/local level managing units must apply this policy to all proposals submitted to federal sponsors.

Reason for Policy

The University’s three negotiated indirect cost rate agreements with the Department of Health and Human Services state, “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 classified as either on-campus or off-campus.” Regarding on-campus awards occurring at multiple Harvard locations, they further state, “Federal awards with activity at more than one of Harvard’s multiple rate areas use the indirect cost rate for each rate area at which the work is performed.”

This policy defines “on-campus” and “off-campus”; establishes that the location of the preponderance of time and effort determines the classification of the sponsored project as either on-campus or off-campus; and requires that each award use either on-campus or off-campus rates.

Who Must Comply

This guidance is applicable to all Principal Investigators (PIs) and administrators at Harvard University within all schools, units, divisions, University-wide initiatives, labs, and centers who are involved with the administration and conduct of sponsored awards.

Definitions

On-campus

Activities are conducted in space owned by the University and for which the University is bearing the space costs from University funds. The “facilities” portion of the on-campus indirect cost rate includes the costs associated with space in which on-campus effort is conducted.

Off-campus

Activities are conducted on premises not owned or leased by the University at locations where facilities-related indirect costs do not benefit the project. The “administrative” portion of the on-campus indirect cost rate (26%) applies to an off-campus sponsored project. For space used for off-campus research, an external source (typically, a sponsor) provides funding by paying directly for space, by reimbursing the University for its costs in renting or leasing the space, or by otherwise directly providing space for research at no charge to the University.

Preponderance of time and effort

The criterion for determining whether activity is conducted on-campus or off-campus for a sponsored project is as follows: when 50 percent or more of budgeted **Harvard** time and effort is performed on-campus, then the on-campus indirect cost rate applies; when more than 50 percent of budgeted **Harvard** time and effort is performed off-campus, the off-campus indirect cost rate (26%) applies. Note that any subaward or vendor service costs are not considered **Harvard** time and effort in the determination of preponderance of time and effort.

Rented or leased space

Space that is used for a sponsored project but not owned by the University, the costs of which are paid from University funds or from funds provided by the sponsor. Research time and effort expended in

leased or rented space is classified as either on- or off-campus depending upon the method by which the costs of the space are paid, as follows:

- If the costs of the leased or rented space are paid **from University funds**, then research time and effort that is expended in that space should be regarded as on-campus.
- If the cost of the leased or rented space **is included as a direct cost in the project budget and is paid as a direct cost by the sponsor**, then research time and effort that is expended in that space should be regarded as off-campus.

Roles and Responsibilities

PI & Department/Local Level Managing Units are responsible for the following:

- Determine, in consultation with Office of Sponsored Programs (OSP), Sponsored Programs Administration (SPA), or Office of Research Administration (ORA) whether the preponderance of Harvard time and effort occurs on-campus or off-campus over the life of the project and, therefore, which rate should be used
- Prepare proposal budgets that reflect where the preponderance of Harvard effort occurs

Submitting Offices (OSP/SPA/ORA) are responsible for the following:

- Assist PI and department/local level managing unit to determine whether the preponderance of Harvard time and effort occurs on-campus or off-campus over the life of the project and, therefore, which rates should be used
- Ensure the on-campus or off-campus indirect cost rate as confirmed or determined by the submitting office is applied to the awards in GMAS

Exceptions

All requests for an exception to this policy must be in writing, signed by the school/tub's Director of Research Administration, Financial Dean, or equivalent position and submitted to the Assistant Vice President (AVP) of OSP. After considering the request, the AVP of OSP will determine whether to grant or deny the exception.

Related Information

- [Facilities and Administrative \(F&A\) Cost Rates](#)

Responsible Offices

- [Office for Sponsored Programs Pre-Award](#)
- [Faculty of Arts and Sciences/School of Engineering and Applied Sciences Research Administration Services](#)
- [Harvard T.H. Chan School of Public Health Sponsored Programs Administration](#)
- [Harvard Medical School Office of Research Administration](#)

Revision History

- July 25, 2013
 - Added to OSP website in PDF format
 - Removed Mark Barnes and Cathy Breen from contacts. Added Sarah Axelrod
- October 24, 2017
 - Inserted DHHS and OMB references in “Reason for policy”
 - Expanded definitions to include “rented or leased space” and “preponderance of effort”
 - Added “Roles and Responsibilities” section
 - Removed “Procedures” section and moved contents to other sections
- March 30, 2018
 - Revised policy to reflect rate agreement updated in March 2018