**UG Change - Equipment**

1. OMB revised the UG to allow recipients to raise the capital threshold as high as $10,000. The FAR, however, remains at $5,000. Can an institution make the election to raise the capitalization threshold *except* for FAR-covered contracts?) - ONR
2. With the Changes to 2 CFR 200, take for instance the equipment moves from $5,000 to $10,000. Our Board of Regents has made the change, but our NICRA still says that we must follow $5,000 threshold. Since it is now a requirement in the CFR, could we get our NICRA MTDC language changed before our next negotiation? – CAS, ONR
3. Can you please provide insights into the implementation of a depreciation threshold change? Can an institution work with their CAS regional office to receive approval to implement at the end of the base year or even prior to submission of a new proposal? – CAS
4. Can an institution submit a request to change its equipment capitalization threshold between base year as long as it also submits a rate impact statement, as was the case the last time the threshold changed? CAS, ONR
5. How does the government recommend institutions handle the remaining book value of assets under $10,000 if they increase their threshold to $10,000? Does the government have a preference between writing them off all at once or adjusting future proposals to remove the lingering depreciation? 2 CFR 200.439 (5). CAS, ONR
6. Are institutions required to continue to inventory every two years federal assets that were purchased as equipment but no longer meet the increased threshold? - DCAA
7. Depreciation on assets under $10,000 would have been functionalized using their location’s space. After they are no longer capitalized, where do you expect to see those costs show up and how would they be functionalized in a proposal? - CAS
8. Can an institution's equipment threshold be changed at the beginning of any fiscal year upon submission of a rate impact schedule and approval from the cognizant agency? Is it required that an institution wait for approval to implement the change? Is it required that the change be done in conjunction with the submission of the Indirect Cost Rate Proposal? CAS, ONR

**UG Change - Subs**

1. In April 2024, OMB issued a [Reference Guide](https://www.cfo.gov/assets/files/Uniform%20Guidance%20_Reference%20Guides%20FINAL%204-2024.pdf) with a section called “Uniform Grants Guidance 2024 Revision: Burden Reduction”. The increase from $25,000 to $50,000 for the application of IDC is mentioned under a heading the says, “Recognizing Recipient Costs of Doing Business”, making it explicit that the intention is to allow recipients to increase recovery. Insisting on rate reductions before implementing the new threshold is contrary to OMB’s clear intention. Shouldn’t the change be allowed without sacrificing points? – CAS, ONR
2. If a rate agreement extends beyond October 1, 2024, and has the old MTDC definition, must the institution continue to exclude subcontract amounts above $25,000 from MTDC? In other words, please clarify if institutions with existing rate agreements can start charging F&A on subaward amounts between $25,000 and $50,000 immediately after October 1, 2024. - ONR
3. Does NIH’s 8% cap on **foreign** subs go away with the April 2024 revision to 15% for *de minimus* IDC? - CAS

**UG Change - Timing**

1. Will rate extension requests based on pre-UG Update rates be considered? Would the university have to submit a rate impact statement for the change in subcontract exclusion and then accept a lower rate or can the negotiated rate using the then current definition of MTDC continue to be used? - CAS
2. For ONR schools, if FY25 is their base year, should the IHE calculate the new F&A rates with the MTDC basis defined in the October 1,2024 changes to 2 CFR 200? May the IHE implement the MTDC changes before negotiating new F&A rates? - ONR
3. What is the timing of the allowability of using the higher *de minimus* rate of 15%? This change would not affect the base or the rate, so institutions probably don’t have to do an impact analysis. Is that right? Do institutions have to wait for the first fiscal year after October 1, 2024? Or, can they start using 15% any time after October 1, 2024, if budgets allow? Or does the award (not subaward) need to be issued after October 1, 2024? Some other time? - CAS
4. How does revised UG affect your agency specifically? CAS, ONR
5. Please provide more insights from the Federal perspectives on the new Uniform Guidance. – CAS, ONR, DCAA

**UG Change – Unused Leave**

1. Will there be a technical correction to UG to state that fringe benefit rates for terminal leave are still allowable? – Gil

**UG Change – DS-2 Elimination**

1. Although the UG revisions remove the requirement to file a DS-2 for IHEs receiving $50 million or more in federal awards, there is still a requirement to disclose accounting practices per FAR. In the event that a university has CAS covered contracts, should we assume that we will need to continue to maintain our DS-2 and submit amendments as needed (as we do currently)? – DCAA, ONR

**Service Centers**

1. What criteria are relevant in determining the allowability of deficits for on-campus cafeterias for employee use?  Subpart E section 200.437(c.) says that losses from food services are allowable only if the objective is to operate them on a break-even basis, or if we can demonstrate special circumstances, or with the approval of the cognizant agency.
   1. Would break-even be measured including the allocations of building depreciation, equipment depreciation, plant O&M, and G&A?
   2. If allowable, presumably the charge to the benefits pool should be treated as an applicable credit in the F&A proposal.  Which pool(s) should be credited?
   3. What might qualify as “special circumstances” -- remoteness, cost of alternatives?
   4. Would the same treatment and allowability apply to other employee health and welfare expenses and services, like parking, childcare centers, or campus transportation? - DCAA

**Space and Depreciation**

1. We have heard that when a PI says that they spend 75% of their time doing research, CAS requires that 75% of their salary should be included in the research base as "committed cost share". When a PI makes such a statement, however, they are usually referring to their agreement with the institution for time protected from instruction or administrative duties. They are not making the fundamental distinction that Appendix III requires between Departmental Research (IDR) and Organized Research (OR). Nor is the PI making the distinction between work devoted to sponsored projects beyond what is committed (VUCS) and what is promised in sponsored agreements. Salary for these two categories (IDR and VUCS) of protected effort is explicitly excluded from the OR base. Does CAS continue to take this position that deliberately overstates the OR base?- CAS
2. If a faculty member is hired as a research professor and expected to cover 75% of their salary with external grant funds, but has no grants yet, during the Indirect Cost space survey should we code their lab 75% organized research? It, therefore, follows that when they are in their lab doing research the space should be considered 75-100% organized research space, and their salary would be in the OR base. Is that what CAS expecting? - CAS
3. Arrays of servers are usually housed in dedicated rooms with expensive security and power, sometimes in locations separate from campus. Some arrays handle research for individual labs or research groups, some arrays support entire campuses. How do you prefer to see depreciation and O&M expenses functionalized for these arrays when the actual benefiting users are never in the space? – ONR
4. Depreciation of capital equipment purchased “solely for the performance of a non-federal award” is excluded from the IDC rate. 2 CFR 200.436 (c.) (4.)

* At the end of the award, the title passes to the university and the equipment is used for organized research during its remaining useful life. Is the remaining depreciation post-award eligible for inclusion in the IDC rate?
* If the equipment was purchased from a non-federal award for use by a research group across a variety of projects (i.e., not “solely for the performance of a non-federal award”), is the depreciation eligible for inclusion in the IDC rate from acquisition? From the time the award is over? -DCAA

1. It doesn’t seem right that a room that is only used for organized research (OR) cannot be coded 100% to OR. CAS requires that the functionalization be diluted by the non-OR funding of its users, even though they are engaged only in OR while they are in OR space. It is not consistent with Appendix III B. 2. b. because CAS is applying an allocation methodology required by one type of space to a different type of space. In this section, there are 3 categories of depreciation:
   * 1. Depreciation on buildings used exclusively in a single function and its equipment.
     2. Depreciation on buildings used for more than one function and its equipment.
     3. Depreciation on buildings and equipment related to space used jointly by more than one function.

For categories (1.) and (3.), the guidance seems clear:

* Whole buildings with a single function (1.) are functionalized by their single use.
* Buildings with space that is jointly used (3.) are functionalized by FTE.

CAS seems to be applying the allocation methodology required in category (3.) to the space described in category (2.) In other words, most lab space is not jointly used space; it is category (2.) space. Category (2.) space is supposed to be allocated on the basis of usable square footage, not FTEs, to each function. Why does CAS insist on rosters of users for lab space when it is not jointly used, but rather single function space? - CAS

1. When following the guidance at 2 CFR 200, App. III, B.2.b.(3)(b) which states that each jointly used unit of space can be allocated based on "Institution-wide" employee salaries and wages, we would allocate classrooms, class labs, and dorm rooms 100% to their single function (Instruction or Auxiliary). Are we expected to allocate spaces occupied by administrative departments (GA, SSA, SPA) 100% to their single function? If so, do we exclude GA, SSA, SPA salaries and wages for the total when calculating the Institution-wide percentage of Research salaries and wages? - ONR

**Other**

1. Compliant property management requires physical inventories every two years of non-federal assets for which an institution is claiming depreciation per 2 CFR 200.436.

* If an asset is fully depreciated before a base year begins and no depreciation is being claimed, does that asset need to continue to be inventoried as long as it is in use?
* 2 CFR 200.436 allows for statistical sampling techniques for the inventory of assets for which depreciation will be claimed in an IDC proposal. Has anyone seen such methods used instead of room-to-room, asset-by-asset inventories for non-federal assets? - DCAA

1. Interest is allowable per 200.449, but the Best Practices manual (p.42) says “Interest associated with refinancing or retiring older debts is not allowable.” The government benefits when more expensive debt is replaced by debt with lower interest rates. If the debt is otherwise allowable, can interest on debt that deceases (retires) and replaces older debt be included in IDC proposals? CAS
2. Interest-only bonds are common now, but the Best Practices manual (p.42) says they may not be equitable to the government and require case-by-case consideration. Has the government disallowed interest calculated on loan balances that do not decline over time, as we see in interest-only debt? - CAS
3. Would you please clarify the difference between Provisional and Predetermined IDC rates? ONR, CAS
4. Is there anything that you often see left out of Indirect Cost Rate Proposals that you would like universities to remember to include? ONR, DCAA, CAS
5. Is there anything that we can do to help the rate review process move along quicker and more efficiently? ONR, DCAA, CAS