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ALL AGENCY MEMO – 2017 – 12

August 28, 2017

TO: All Agencies

FROM: James R. Wells, Director
Governor's Finance Office

SUBJECT: Indirect Cost Rates for Grants and Contracts with the Nevada System of Higher Education

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This Policy Directive implements the indirect cost rates approved by the Board of Examiners for grants and contracts with the Nevada System of Higher Education (NSHE). Agencies entering into contacts with or sub-granting funds to NSHE institutions on or after the effective date of this directive are required to use the rates below based on the source of funds being used to pay the contract or sub-grant.

NON-STATE FUNDS (including federal (including Federal Highway Administration grants through the Highway fund) and private grants):

A. If an agency is paying a NSHE institution from a grant with unlimited funding (i.e., a grant with no restriction on the amount of dollars the State can draw from the awarding entity), the agency shall use the NSHE institution's full current approved indirect cost rate. This maximizes the funding to the State and prevents the State from leaving available funds with the granting organization.
B. If an agency intends to contract with or grant funds to a NSHE institution, the agency director will, to the extent practicable, coordinate with that institution in advance to include the institution's current approved indirect cost rate in the application for funding. If the grant is awarded with the full indirect cost rate, the agency shall use that rate for any contract with or sub-grant to the NSHE institution.

C. If an agency is contracting with or sub-granting funds to a NSHE institution and the grant funds have a restricted indirect cost rate (e.g., the indirect cost rate charged to a grant cannot exceed 10%) or a cap on the administrative fees which can be charged against the grant (e.g., administrative costs cannot exceed 3% of the total grant award), the NSHE institution will accept the restricted rate or cap in the contract or sub-grant.
D. If an agency is awarding a contract through a competitive Request for Proposals (RFP) process, a NSHE institution submitting a response will determine the indirect cost rate they will accept and include the amount of indirect costs based on that rate in their cost proposal. The agency will consider the cost proposal with the indirect costs included as it would consider any other proposal in the competitive review process. If the NSHE institution is the chosen respondent, the agency will pay the indirect cost rate included in the proposal.

STATE FUNDS (including State General Fund and State Highway Fund appropriations and statutorily (NRS) or regulatory (NAC) approved fees which fund an agency.):

A. If the subject of the contract or sub-grant meets the definition of a research project:
    a. For the University of Nevada, Reno – 10%
    b. For the University of Nevada, Las Vegas – 10%
    c. For the Desert Research Institute – 10%
B. If the subject of the contract or sub-grant does not meet the definition of a research project:
    a. For the University of Nevada, Reno – 8%
    b. For the University of Nevada, Las Vegas – 8%
    c. For the Desert Research Institute – 8%
C. If the contract or sub-grant is with one of the institutions not listed in A or B – 5%
D. Indirect cost rates may be less than those stated above but cannot be more.

MULTIPLE FUNDING SOURCES (projects funded with a mixture of state and non-state funds, as defined above)

A. If the subject of the contract or sub-grant has multiple funding sources, the agency shall use a composite rate to maximize private and federal funds. If a composite rate is used, the rate for the non-state share shall be in accordance with the allowable rate provided for by the private or federal funding organization, and the State share will be capped at the applicable STATE FUNDS rate.
B. If an agency intends to contract with or grant funds to a NSHE institution, the agency director will, to the extent practicable, coordinate with that institution in advance to determine the indirect cost rate in the application for funding. If the grant is awarded with the full indirect cost rate, the agency shall use that rate for the non-state share of the composite rate.
C. Indirect cost rates may be less than those stated above but cannot be more.

This agreement is effective for contracts and sub-grants approved after October 1, 2017 and will be reviewed against actual costs by both parties at the end of the 2017-2019 biennium to determine whether revisions to the approved rates are necessary.