

MEMORANDUM

UNIVERSITY OF THE  
**PACIFIC**

**TO:** University Community

**FROM:** Deborah Denney, Controller & Assistant Vice President for  
Business & Finance

**DATE:** August 31, 2009

**RE:** New Indirect Costs and Fringe Benefit Rates Applicable to Grants and  
Contracts

Controller's Office  
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The University recently completed negotiations with the Department of Health and Human Services (DHHS) for a new Indirect Cost Rate (IDC) Agreement. The new rates set forth below for facilities and administrative costs and fringe benefits for Federal Government grants and contracts will be in effect retroactive to July 1, 2009 and through June 30, 2011 (for new awards). The on-campus Facilities and Administrative Cost rate has increased from 55% to 58% of salaries and wages, while the fringe benefit rate has increased from 25.5% to 29.8%. Rates for off-campus projects are shown separately below.

Currently, University IDC rates are based on a facilities and administrative cost rate calculated as a percentage of salaries and wages, plus a separate rate for fringe benefits. Rates are normally effective for four-year periods. However, over the next 16 months, the University will be evaluating the appropriateness of a potential change to using a Modified Total Direct Cost (MTDC) rate calculation in lieu of the percentage of salaries and wages method in its next rate application. Therefore, the rates below will be in effect for two years instead of four, and a new rate proposal will be due to DHHS December 31, 2010 following further study of actual costs under these agreements.

All new proposals should reflect the new rates below:

**Facilities and Administrative Costs:**

<b>EFFECTIVE PERIOD</b>	<b>RATE (%)</b>	<b>LOCATIONS</b>
07/01/09 – 06/30/11	58.0% of salaries and wages	On Campus Projects
07/01/09 – 06/31/11	21.7% of salaries and wages	Off Campus Projects

**Fringe Benefits**

For fringe benefits, at each month end the Controller's Office will adjust actual costs of benefits incurred to allowable costs as necessary. Fringe benefits included in the rate include worker's compensation; medical, dental, life, and disability insurance; retirement benefits; and employee tuition rebate benefits.

<b>EFFECTIVE PERIOD</b>	<b>RATE (%)</b>	<b>LOCATIONS</b>
07/01/09 – 06/30/11	29.8% of salaries and wages	On and Off Campus

Should you have any questions or concerns regarding the above indirect costs and fringe benefits rates, please contact Shannon Chi, Sponsored Programs Post Award Manager at [schi@pacific.edu](mailto:schi@pacific.edu), ext. 67425. You may also contact Audrey George, Assistant Controller, at [ageorge@pacific.edu](mailto:ageorge@pacific.edu), ext. 67368.

Thank you in advance for your attention to these new rates.

Best regards,



Deborah Denney  
Assistant Vice President and Controller  
Business and Finance Division