

CIRM Overhead Primer for Awardees

What are Facilities and Indirect Costs?

Facilities and administrative (F&A) costs are incurred in conducting or supporting research, but they cannot be readily identified as benefiting particular research projects. F&A costs are of two kinds: facilities costs and administrative costs. Facilities costs are divided by CIRM into the following categories of supporting activities:

- Facilities Rate A: Plant operation and maintenance: utilities, janitorial services, routine maintenance, and repairs, etc., and Library expenses: books, library staff, etc. when applicable.
- Facilities Rate B: Depreciation or use allowance: for buildings and equipment, excluding buildings and equipment paid for by CIRM. Applicants may alternately use the out-of-pocket lease costs if leasing space for the project.

Administrative costs (CIRM Indirect Costs) are capped at 20% (or lower for certain programs such as training awards), and include the following categories of supporting activities:

- General administration and general expense: accounting, payroll, administrative offices, etc.; Sponsored project administration: personnel and other costs of offices whose responsibility is the administration of sponsored projects; Departmental administration expenses: administrative costs at the college and departmental levels; and Student administration and services.

How does CIRM calculate allowable Facilities rates?

CIRM uses federal rates, when available, to calculate the allowable CIRM Facilities rates for a particular institution for simplicity and consistency. A federal F&A rate is established between an academic or other non-profit research institution and the federal government when that institution receives federal grants. Where federal rates are not available, CIRM asks for an organization's internal documentation supporting the allowable facilities cost rate including the methodology used to arrive at the amounts requested. For-Profit applicants are limited to a Facilities rates not to exceed 35% of direct project costs and are not eligible for Indirect Costs.

The F&A rate is applied to the Direct Project Costs (the costs directly attributable to a specific project) exclusive of Equipment, Tuition and Fees, Research Patient Care Costs, and the total cost of each service contract, Subcontract and Consultant agreement in excess of \$25,000.

CIRM first calculates the allowable Facilities costs, which are then added to the total direct project costs to form the Direct Research Funding Costs which are the basis for calculating the Indirect costs, also exclusive of Equipment, Tuition and Fees, Research Patient Care Costs, and the total cost of each service contract, Subcontract and Consultant agreement in excess of \$25,000.

The total of direct project costs, allowable facilities costs and indirect costs form the total project costs awarded.

How does CIRM compare to the NIH?

Using an example federally negotiated Organized Research rate agreement:

Operations and Maintenance	13.2%	CIRM Facilities A	14.7%
Library	1.5%		
Building Depreciation	10%	CIRM Facilities B	17.8%
Equipment Depreciation	2.3%		
Interest on Capital Debt	5.5%		
Administration Components	26%	CIRM IDC rate (limited to 20% for non-profit applicants)	20%
TOTAL OVERHEAD RATE	58.5%		58.75%*

Using the rates above and given direct project costs total of \$1,000,000 (of which \$200,000 is Equipment, Tuition and Fees, Research Patient Care Costs, or a Subcontract and Consultant agreement in excess of \$25,000):

NIH Calculation:

\$800,000 (adjusted project costs) * 58.5% = \$468,000 total F&A

Total project costs are total direct costs of \$1,000,000 plus F&A of \$468,000 for a total award of \$1,468,000.

CIRM Calculation:

\$800,000 * 14.7% = \$117,600 Facilities A, \$800,000 * 17.8% = \$142,400 Facilities B. Total Facilities costs are \$259,000

Direct Research Funding Costs are the adjusted project costs of \$800,000 plus the total facilities costs of \$259,000, equaling \$1,059,000. To calculate the Indirect costs, \$1,059,000 * 20% is \$211,800.

Total project costs are total direct costs of \$1,000,000 plus F&A of \$470,800 for a total award of \$1,470,000.

A For-Profit applicant with the same direct costs would be eligible to receive \$800,000 * 35% = \$280,000. Total direct costs of \$1,000,000 plus Facilities would be \$1,280,000 total cost. *The effective rate for the CIRM calculation is 58.75%

Other Scenarios

Applicants are instructed to use the rates in place at the time of application and are used through the entirety of the budget period (our TRANSLATION and CLINICAL programs use a single budget period). For programs with distinct budget years, F&A rates can be aligned with changes to the federally negotiated rate agreement in the application stage. The rates cannot be adjusted after award launch unless rates were provisional at the time of award launch. In such cases, the awardee must forward rate agreements to CIRM when finalized. CIRM will

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amend the award amount to account for the final rates only when such rates are lower than the provisional rates previously approved, to be stated on the NOA.