

**HIV/AIDS Bureau**

# **Ryan White HIV/AIDS Program Program Income Overview**

**Jan Joyce**  
**Senior Advisor for Grants Policy**  
**HIV/AIDS Bureau**

# Learning Objectives

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**At the conclusion of this session, you will:**

**1. Have a better understanding of**

- what program income is
- how it is generated under your Ryan White HIV/AIDS Program (RWHAP) award(s)
- the allowable use of program income
- when to spend program income
- how to track and report program income earned and expended

**2. Fully understand all available HIV/AIDS Bureau (HAB) resources**

- Policy Clarification Notice (PCN) 15-03
- Related frequently asked questions (FAQs)

**3. Be able to comply with requirements set forth in regulation related to program income**

# Program Income – Introduction

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As the healthcare landscape changes, RWHAP recipients and subrecipients may generate higher levels of program income (340B, third-party reimbursement, Medicaid expansion, etc.)

In response, HAB provides the following resources:

- PCN 15-03
- accompanying FAQs
- a renewed monitoring and technical assistance (TA) effort regarding the long standing requirements about tracking, spending, and reporting program income generated by RWHAP grants and cooperative agreements

# **HIV/AIDS Bureau Vision and Mission**

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## **Vision**

**Optimal HIV/AIDS care and treatment for all.**

## **Mission**

**Provide leadership and resources to assure access to and retention in high quality, integrated care, and treatment services for vulnerable people living with HIV/AIDS and their families.**

# Program Income

## Policy Clarification Notice 15-03

*Clarifications Regarding the Ryan White HIV/AIDS Program  
and Program Income*

Accompanying FAQs

<http://hab.hrsa.gov/manageyourgrant/policiesletters.html>

# Program Income - Definition

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Per 45 CFR §75.2, Program Income: Program income means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided on 45 CFR §75.307(f). Program income includes but is not limited to income from fees for services performed, the use or rental of [sic.] real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulation, or the terms and conditions of the Federal award, **program income does not include rebates, credits, discounts, and interest earned on any of them.**

# Program Income - Sources

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- Fees, payments, or reimbursement for the provision of a specific service, such as patient care reimbursements received by billing public (Medicare, Medicaid, or Children's Health Insurance Program) or private health insurance.
- Charges imposed on clients for services, as required by RWHAP Parts A, B, and C legislation.
- The difference between the third party reimbursement and the 340B drug purchase price.

# Program Income – Use Alternatives

Alternatives for use (45 CFR §75.307(e))

Alternative	Use of program income
Additive	Added to funds committed to the project or program and used to further eligible project or program objectives
Deductive	Deducted from total allowable costs of the project or program to determine the net allowable costs on which the Federal share of costs will be based
Combination	Uses all program income up to (and including) \$25,000 as specified under the additive alternative and any amount of program income exceeding \$25,000 under the deductive alternative
Matching	Used to satisfy all or part of the non-Federal share of a project or program

HRSA/HAB must specify the alternative and allowable use of program income on the Notice of Award –  
ADDITIONAL ALTERNATIVE



# Program Income – Notice of Award

n. Trainee Travel:	\$0.00	<b>14. APPROVED DIRECT ASSISTANCE BUDGET:</b> (In lieu of cash)
o. TOTAL DIRECT COSTS:	\$517,065.00	a. Amount of Direct Assistance \$0.00
p. INDIRECT COSTS (Rate: % of S&W/TADC) :	\$0.00	b. Less Unawarded Balance of Current Year's Funds \$0.00
q. TOTAL APPROVED BUDGET:	\$517,065.00	c. Less Cumulative Prior Awards(s) This Budget Period \$0.00
i. Less Non-Federal Share:	\$0.00	d. AMOUNT OF DIRECT ASSISTANCE THIS ACTION \$0.00
ii. Federal Share:	\$517,065.00	

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**15. PROGRAM INCOME SUBJECT TO 45 CFR 75.307 SHALL BE USED IN ACCORD WITH ONE OF THE FOLLOWING ALTERNATIVES:**

A=Addition B=Deduction C=Cost Sharing or Matching D=Other [A]

Estimated Program Income: \$0.00

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**16. THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY HRSA, IS ON THE ABOVE TITLED PROJECT AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE IN THE FOLLOWING:**

a. The grant program legislation cited above. b. The grant program regulation cited above. c. This award notice including terms and conditions, if any, noted below under REMARKS. d. 45 CFR Part 75 as applicable. In the event there are conflicting or otherwise inconsistent policies applicable to the grant, the above order of precedence shall prevail. Acceptance of the grant terms and conditions is acknowledged by the grantee when funds are drawn or otherwise obtained from the grant payment system.

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**REMARKS:** (Other Terms and Conditions Attached ☒Yes ☐No)

# Program Income – Notice of Award

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- **Program Term**

Recipients are required to track and report all sources of service reimbursement as program income on the annual Federal Financial Report and in annual data reports. All program income earned must be used to further the objectives of the RWHAP program. For additional information, see PCN #15-03 available online at <http://hab.hrsa.gov/manageyourgrant/policiesletters.html>.

# Program Income – Allowable Use

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## Use of Program Income – Parts A, B, C

To support a comprehensive system of care for low-income individuals living with HIV...

- ✓ Core medical services including EIS
- ✓ Administrative expenses, including planning and evaluation
- ✓ Clinical quality management activities
- ✓ Support Services

Not subject to statutory distribution requirements or caps (e.g., 10% admin, CQM, 75% core medical, 50% EIS, etc.)

# Program Income – Allowable Use

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## Use of Program Income – Part D

To support a comprehensive system of family-centered care for low-income women, infants, children, and youth affected by or living with HIV...

- ✓ Outpatient or ambulatory care
- ✓ Support Services
- ✓ Administrative expenses
- ✓ Clinical quality management activities

Not subject to statutory distribution requirements or caps (i.e., 10% admin including all indirect costs)

# Program Income – Expenditure

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## Expenditure of Program Income

- To the extent available, recipients and subrecipients must disburse funds available from program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments (45 CFR §75.305(b)(5)).
- Estimate accrued program income and determine RWHAP funds that will be needed during current project period.

# Program Income - Reporting

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## Reporting Program Income

- Recipients are required to track and account for all program income in accordance with 45 CFR § 75.302(b)(3). Recipients must report program income earned and spent by the recipient on their Federal Financial Report (FFR).
- Additionally, it is the responsibility of the recipient to monitor and track program income earned and spent by subrecipients. Subrecipients should retain program income for “additive” use within their own programs. Consequently, program income earned by subrecipients should not be reported on the recipient’s FFR.

# Program Income - Reporting

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## SF-425 Federal Financial Report

<b>Program Income:</b>	
<b>l. Total Federal share of program income earned</b>	
<b>m. Program income expended in accordance with the deduction alternative</b>	
<b>n. Program income expended in accordance with the addition alternative</b>	
<b>o. Unexpended program income (line l minus line m or line n)</b>	

# Program Income Knowledge Check

**340B Drug Pricing Program  
Spending, Tracking, and Reporting  
Allowable Uses**



# 340B Drug Pricing Program

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**What is 340B generated revenue?**

**Is it program income?**

# 340B Drug Pricing Program

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What is 340B generated revenue?

$$\begin{aligned} & \text{Third party reimbursement} \\ - & \text{the 340B purchase price} \\ \hline = & \text{Program income} \end{aligned}$$

Is the difference between the purchase price and the third party reimbursement program income?

**Yes**

# 340B Drug Pricing Program

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The discount itself is not program income

Third party reimbursement for drugs  
sold at the discounted purchase price

— the 340B purchase price

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== **\$0 Program income**

# Spending Tracking and Reporting

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**How can we spend program income first and still spend our grant funds within the budget period?**

**How do you define “spend”??**

# Spending Tracking and Reporting

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**How can we spend program income first and still spend our grant funds within the budget period?**

It is all about **BUDGETING**. Recipients should develop a reasonable and transparent process for budgeting for and expending federal funds and related program income that balances both the program requirements for programmatic reporting and fiscal requirements for expending the funds. Recipients must proactively project the extent to which program income will be received, and budget accordingly.

# Spending Tracking and Reporting

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## How do you define “spend”??

Per 45 CFR Part § 75.2, “expenditures” means charges made by the recipient to the RWHAP award.

### **Cash** vs **Accrual** basis of accounting

**Cash:** the sum of cash disbursements, cash advance payments, and payments made to subrecipients

**Accrual:** the sum of amounts owed for goods and property received; services performed by employees, contractors, recipients; etc.

# Spending Tracking and Reporting

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For recipients on an accrual basis of accounting, the expenditure is recognized at the time the cost is incurred (when the subaward or contract is awarded). If program income is obligated for a contract awarded during the project period, the expenditure has been recognized (program income has been spent). Neither the contract's period of performance nor when the funds are actually paid (liquidated) is a factor.

# Spending Tracking and Reporting

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**Program income must be used for the “purposes for which the award was made”**

**Does this mean it can only be used for costs included in our approved project budget or within the scope of the original award?**



# Spending Tracking and Reporting

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Program income may be used for any allowable cost under the Parts A, B, C, D, or F program.

Refer to

- PCN 15-03 Program Income, and
- PCN 16-02 RWHAP Services: Eligible Individuals & Allowable Uses of Funds
- Minimum distribution levels and caps do not apply
- You do not need HRSA prior approval for scope changes

# Spending Tracking and Reporting

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**If a recipient has a Part C grant, a Part D grant, and a Part A subaward —may they distribute the aggregate total program income to each based on the relative size of each award?**

**No!**

# Spending Tracking and Reporting

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Per 45 CFR § 75.302(b), **source and use of program income must be tracked and reported separately**

- identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the Federal awarding agency, and name of the pass-through entity, if any
- records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation

# Spending Tracking and Reporting

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**If we spend program income first  
and don't spend all (or any) of the  
grant award, what does that  
mean for the next award –  
will we get an award,  
will it be reduced?**

# Spending Tracking and Reporting

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Recipients may submit a request through the EHBs to carryover the unobligated balance (UOB). While program income on hand will not effect the award amount, that amount may be offset (reduced).

**An unobligated balance, whether approved for carryover or not, does not affect a recipient's eligibility for the next year's funding**

# Spending Tracking and Reporting

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**What sort of documentation should be retained related to program income earned and expended, and what is the retention period?**

# Spending Tracking and Reporting

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- Recipients/subrecipients should maintain the same documentation they would for other income and expenditures under the award (e.g., invoices, receipts, time and effort reports, reimbursement statements, etc.)
- Retain for 3 years after the date the final FFR was submitted to HRSA
- Records related to program income received after the project period must be retained for 3 years after the last day of the recipient's fiscal year

# Spending, Tracking and Reporting – subject to audit

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**HRSA's Office of Pharmacy Affairs (OPA) audits RWHAP recipients for compliance with 340B program requirements. RWHAP recipients must also have an audit in compliance with 45 CFR 75 Subpart F.**

**Does this violate the Single Audit Act?**



# Spending, Tracking and Reporting – subject to audit

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Any RWHAP recipient that expends \$750,000 or more in Federal funds from all sources during their fiscal year is subject to the single audit requirements outlined in 45 CFR 75 Subpart F – Audit Requirements.

In addition, HRSA's OPA and drug manufactures have the authority to audit covered entities for compliance with 340B Drug Pricing Program requirements (42 USC 256b(a)(5)(C)).

# Allowable Uses of Program Income

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**Can program income be  
used for construction?**

# Allowable Uses of Program Income

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No, program income may not be used for construction.

Construction is an unallowable cost under the RWHAP – including Part C and Part D programs.

# Allowable Uses of Program Income

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**Can program income  
be used for pre-  
exposure prophylaxis  
(PrEP)?**

# Allowable Uses of Program Income

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RWHAP funds cannot pay for PrEP medications or the related medical services as the person using PrEP is not HIV infected and therefore not eligible for RWHAP-funded medication.

RWHAP Part C and D recipients *may* provide prevention counseling and information to eligible clients' partners. (Also see the [June 22, 2016 RWHAP and PrEP program letter.](#))

# Allowable Uses of Program Income

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**Can program income  
be used to pay salaries  
in excess of the salary  
rate limitation?**

# Allowable Uses of Program Income

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No. The General Provisions in Division H, § 202, of the Consolidated Appropriations Act, 2016 (P.L. 114-113), limits the salary rate that may be awarded and charged to HHS grants and cooperative agreements. Award funds may not be used to pay the salary of an individual at a rate in excess of Executive Level II. (This salary rate limitation also applies to RWHAP subrecipients.)

This is a salary rate limitation imposed by appropriations law, not a salary cap. Salary expenses in excess of the Executive Level II are unallowable costs. Consequently, program income may not be used to pay salaries in excess of the salary rate limitation.

# Allowable Uses of Program Income – Salary Rate Limitation Example

- Individual's full time salary: \$255,000.

50% of time will be devoted to the project	
Direct salary	\$127,500
Fringe (25% of salary)	\$31,875
Total amount	\$159,375

- Amount that may be claimed on the Federal grant due to the legislative salary limitation:

- Individual's base full time salary *adjusted* to Executive Level II: \$187,000

50% of time will be devoted to the project	
Direct salary	\$93,500
Fringe (25% of salary)	\$23,375
Total amount	\$116,875



# Allowable Uses of Program Income

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**Can program income be used to hire more case managers and to provide outpatient substance abuse care if such activities were not in the approved application and budget?**

# Allowable Uses of Program Income

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Yes, program income may be used to provide services to eligible clients in accordance with PCN 16-02 even if such costs were not included in the approved project scope and budget

In order to maximize the impact of limited grant funds, recipients must include program income projections when planning for services based on the comprehensive HIV care and treatment needs of the recipient's service area

# Program Income - Resources

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## **Policy Clarification Notice 15-03**

*Clarifications Regarding the Ryan White HIV/AIDS Program and Program Income*

Accompanying FAQs

<http://hab.hrsa.gov/manageyourgrant/policiesletters.html>

**45 CFR Part 75** - *Uniform Administrative Requirements, Cost Principles, And Audit Requirements for HHS Awards*

<http://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.75>

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# Program Income - Discussion

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# Program Income Verification - Assessment

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- Please follow the link below to complete the online assessment
- <http://quizegg.com/q/129091>
- Consultants must achieve a passing score of 80%

# 45 CFR 75 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards

Jan Joyce, Senior Advisor for Grants Policy  
Office of the Associate Administrator, HIV/AIDS Bureau  
Health Resources and Services Administration

# Learning Objectives

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**At the conclusion of this session, you should be able to:**

- 1. Explain the goals of 45 CFR 75**
- 2. Identify changes in the administrative requirements**
- 3. List and apply the new vocabulary set forth in 45 CFR 75**
- 4. Demonstrate compliance with 45 CFR 75 by providing accurate technical assistance, oversight, and monitoring**

# 45 CFR 75 – HHS Uniform Guidance Workshop Training

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- Overview of 45 CFR 75
- Effective Dates
- **Changes of Note**
  - Vocabulary
  - Procurement
  - Indirect Costs
  - Subrecipient Monitoring
  - Cost Principles
  - Audit Requirements



# 45 CFR 75 - Overview

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**2 CFR 200 OMB Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)** was implemented by the Department of Health and Human Services (HHS) as **45 CFR part 75** on December 26, 2014

# 45 CFR 75 Overview

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- **Administrative Requirements**
  - A-110/2 CFR 215 (45 CFR 74) Nonprofits, Institutions of Higher Education, Hospitals
  - A-102 (45 CFR 92) State, Local and Tribal Governments
- **Cost Principles**
  - A-122 Nonprofits (2 CFR 230)
  - A-21 Institutions of Higher Education (2 CFR 220)
  - A-87 State, Local, Tribal Governments (2 CFR 225)
- **Single Audit**
  - A-133 – Single Audit
  - A-50 – Single Audit Follow-up
- **A-89 – Catalog of Federal Domestic Assistance**

# 45 CFR 75 - Overview

Compliance Requirements At A Glance			
Grantee Type	Admin Requirements	Cost Principles	Audit Requirements
State & Local Governments	45 CFR Part 92 (A-102)	2 CFR Part 225 (A-87)	A-133 (PDF)
College & Universities	45 CFR Part 74 (A-110)	2 CFR Part 220 (A-21)	
Non-Profits		2 CFR Part 230 (A-122)	
Hospitals		45 CFR Part 74, Appx. E	
For-Profits		48 CFR Subpart 31.2 (FAR 31.2)	45 CFR Part 74.26
Foreign	45 CFR Part 74	As stated above for grantee type	HHS GPS (Same as) 45 CFR Part 74.26)

# 45 CFR 75 - Overview

Compliance Requirements at a Glance			
Recipient Type	<a href="#">Administrative Requirements</a>	<a href="#">Cost Principles</a>	<a href="#">Audit Requirements</a>
State, Local, & Tribal Governments	<a href="#">45 CFR 75</a>	45 CFR 75; Subpart E	45 CFR 75; Subpart F
Colleges & Universities			
Non-Profits			
Hospitals			
For-Profits			
Foreign		As stated above for each awardee type	45 CFR Part 75 except where the HHS awarding agency determines that the application of these subparts would be inconsistent with the international obligations of the United States or the statutes or regulations of a foreign government.

# 45 CFR 75 - Overview

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## 45 CFR 75 GOALS

- Streamline guidance for Federal awards to ease administrative burden
- Strengthen oversight over Federal funds to reduce risks of waste, fraud, and abuse
- Increase efficiency and effectiveness of Federal awards

# 45 CFR 75 - Overview

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## Subparts

- **A** – Acronyms and Definition
- **B** – General Provisions
- **C** – Pre-Federal Award Requirements and Contents of Federal Awards
- **D** – Post Federal Award Requirements
- **E** – Cost Principles
- **F** – Audit Requirements

# 45 CFR 75 – Effective Dates

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- **Applicable to all HRSA grants and cooperative agreement issued on or after December 26, 2014**
  - New “Type 1” awards
  - Competing Continuation “Type 2” awards
  - Non-competing Continuations “Type 5” awards
  - Supplements
  - Carry over funds re-obligated after 12/26/14

# 45 CFR 75 – Effective Dates

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For nonprofits and institutions of higher education, there is a two full fiscal-year grace period for the implementation of the new provisions in the **procurement standards**



# 45 CFR 75 – Effective Dates

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- **Indirect cost rates** will remain in place until they are due to be re-negotiated
  - Adjustments may be required if unallowable costs were included (see §75.411)
- Subpart F, **Audit requirements**, are applicable to fiscal years beginning on or after December 26, 2014

# 45 CFR 75 – Effective Dates

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- The effective date for **subawards** is the same as the effective date of the Federal award from which the subaward is made
  - The requirements for a subaward, no matter when made, flow from the requirements of the original award from HRSA

# 45 CFR 75 – Vocabulary

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- **Federal award** instead of grant or cooperative agreement
- **FAIN** – Federal Award Identification Number instead of grant number
- **Recipient** instead of grantee
- **Subrecipient** instead of subgrantee or subcontractor
- **Contractor** – no longer using the term Vendor
- **Expenditure Report** – the SF-425 Federal Financial Report (not to be confused with the RWHAP Expenditure Report)

# 45 CFR 75 – Vocabulary

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## Subrecipient vs Contractor

- **Subrecipient** carries out programmatic activities to meet the goals and objectives of the funded project
- **Contractor** provides goods and services within normal business operations for the benefit of the recipient (ancillary to the operation of the recipient)

# 45 CFR 75 – Changes of Note Subpart C Pre-Award

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## Risk Assessment Framework

- **Pre-award financial risk assessment**
  - Financial stability
  - Prior single audits (A-133)
- **Adequacy of management systems**
- **History of performance**
- **Capacity to meet award requirements**

# 45 CFR 75 – Changes of Note

## Subpart D Post Award Requirements

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### Performance Management

§75.301 requires recipients to relate financial data to performance accomplishments and provides more robust guidance to measure performance in a way that will help HHS improve program outcomes, share lessons learned, and spread the adoption of promising practices.

As an example, HRSA/HAB **must**

- **align metrics to HRSA strategic goals and government-wide priorities**
  - HHS Common HIV Core Measures:  
<https://www.aids.gov/pdf/hhs-common-hiv-indicators.pdf>
  - HAB HIV Performance Measures Portfolio:  
<http://hab.hrsa.gov/deliverhivaidscore/habperformmeasures.html>
- **identify performance measures in the FOA**
- **identify performance goals in the NoA**

# 45 CFR 75 – Changes of Note

## Subpart D Post-Award

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### Internal Controls §75.303

- Requirements from Part 6 of the A-133 Compliance Supplement
- **Should be in compliance with guidance in “Standards for Internal Control in the Federal Government,” issued by the Comptroller General of the United States aka the “Internal Control Integrated Framework” or the Green Book**
  - ✓ Operations – effectiveness and efficiency of operations
  - ✓ Reporting –reliability of reporting for internal/external use
  - ✓ Compliance-compliance with applicable laws and regs

# 45 CFR 75 – Changes of Note

## Subpart D Post-Award

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### Internal Controls (cont.)

- For all Federal funds, identify CFDA and FAIN in accounts
- Reasonable measures to protect personally identifiable information

### Property Standards §75.316 - .323

- Equipment / Supplies thresholds
  - \$5,000
  - **Useful life**
- **Must include the federal award # on property records**
- Property trust relationship



# 45 CFR 75 – Changes of Note

## Subpart D Post-Award

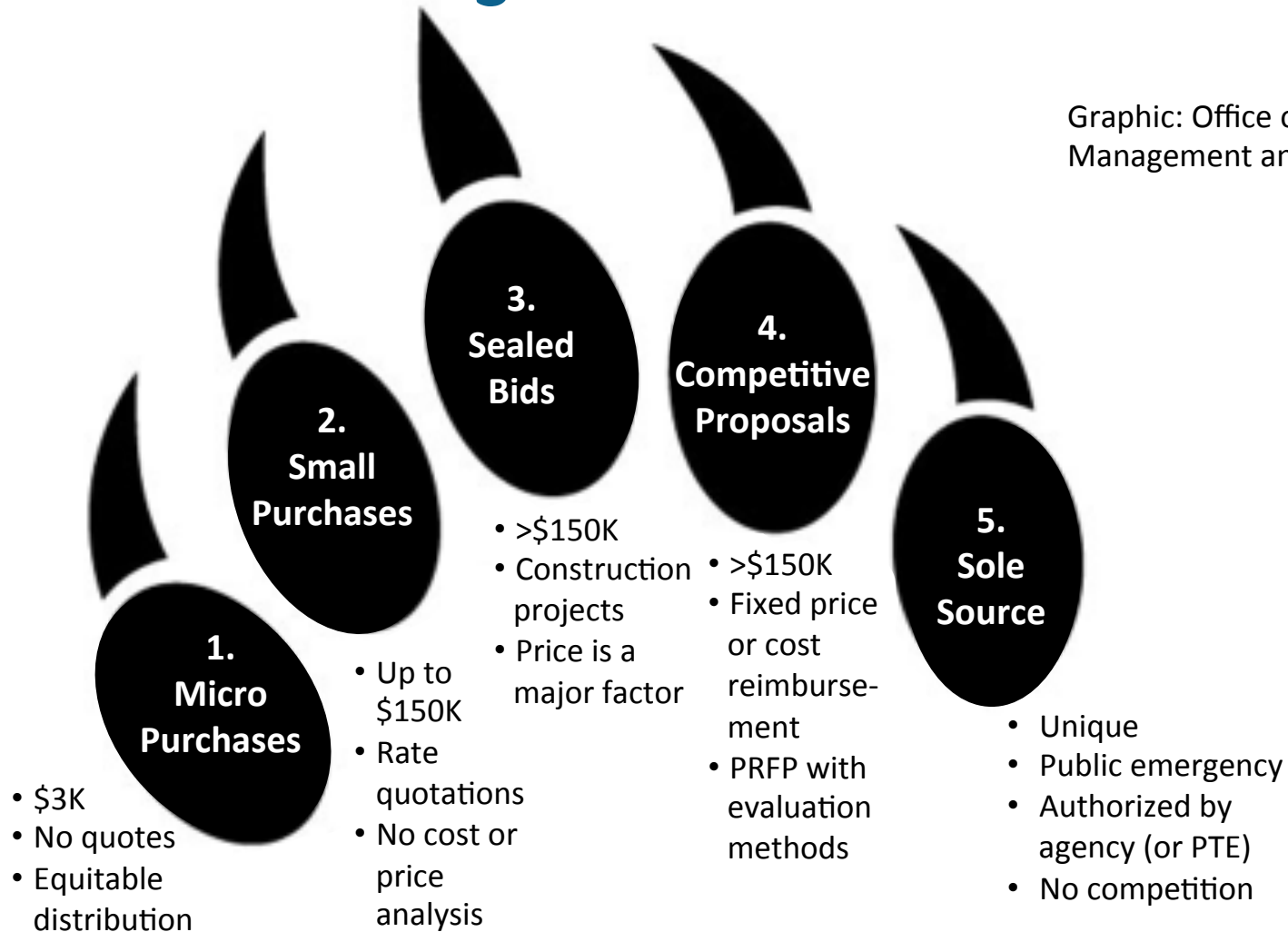
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- **45 CFR §75.305 Payment remains largely the same.**
  - (1) Recipients and subrecipients must be paid in advance (unless they are high risk)
  - (2)(ii) They may request payments as often as they like (if electronic payment systems are used—if not, monthly)
  - (5) To the extent that it is available, program income and rebates generated under the award must be disbursed prior to requesting Federal funds
- Language was added to clarify that this requirement is applicable to all entity types, including State government

# 45 CFR 75 – Changes of Note

## Procurement §75.326 – 75.335

Graphic: Office of  
Management and Budget



# 45 CFR 75 – Changes of Note

## Procurement §75.326 – 75.335

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Graphic: Office of  
Management and Budget



# 45 CFR 75 – Changes of Note

## Subrecipient Monitoring §75.351 - .353

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- Included from the A-133 – not new requirements
  - Subrecipient and contractor determinations §75.351
  - Requirement for pass-through entities §75.352
  - Risk-based monitoring of subrecipients §75.352(b) and (e)
  - Also see Appendix II – Contract Provisions for Non Federal Entity Contracts Under Federal Awards
- A recipient's failure to monitor their subrecipients is the #2 Single Audit finding

# 45 CFR 75 – Changes of Note

## Indirect Costs

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- Governmental departments or agency units receiving more than \$35M in federal funds **MUST** have a federally negotiated indirect cost rate (NICRA)
- Other recipients or subrecipients that do not have a federal NICRA may do one of the following:
  - ✓ **Direct cost all expenses**, or
  - ✓ Recipients may negotiate a rate with the Federal government; subrecipients may negotiate a rate with the recipient consistent with the requirements outlined in 45 CFR part 75, or

# 45 CFR 75 – Changes of Note

## Indirect Costs

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- ✓ Per 45 CFR §75.414(f), any non-Federal entity that has never received a Federal negotiated indirect cost rate may **charge a de minimis rate of 10% of modified total direct costs (MTDC)**

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. (See [45 CFR §75.2 Definitions.](#))

# 45 CFR 75 – Changes of Note

## Indirect Costs

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- 45 CFR 75.414 (c) requires Federal awarding agencies to honor a federal NICRA unless statute limits the amount of indirect costs that may be charged to an award

# 45 CFR 75 – Changes of Note

## Indirect Costs under Training Programs

### (Domestic Recipients/subrecipients)

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#### 8 percent cap -

- Even if an organization has a Federally-negotiated indirect cost rate—
  - Under training awards, indirect costs will be reimbursed at a fixed rate of 8 percent of MTDC
- Limit is applicable to all entity types



# 45 CFR 75 – Changes of Note

## Indirect Costs

(Domestic Recipients/subrecipients)

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- Per 45 CFR §75.413(c), recipients may **direct charge admin staff, if**
  - Necessary and allocable to the project
  - Not recovered as indirect costs
- Recipients may request a **one-time extension of current indirect cost rate**
  - For up to four years
  - If approved, cannot request a rate review until extension period ends

# 45 CFR 75 – States, Local Governments, and Indian Tribes

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## Special Considerations for States, Local Governments and Indian Tribes

- §75.416 Cost allocation plans and indirect cost proposals
- §75.417 Interagency service

# 45 CFR 75 – Changes of Note

## Subpart E Cost Principles

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- Advertising and public relations allowable if “program outreach”
- Bid and proposal costs allowable as indirect (direct – typically unallowable)
- Compensation/fringe allows family related leave, prohibits excessive severance packages
- Conferences allow costs of identifying locally available dependent care (cost of recipient providing dependent care – unallowable)

# 45 CFR 75 – Changes of Note

## Subpart E Cost Principles

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- Employee morale costs are now unallowable
- Lobbying provides examples of allowable and unallowable costs
- Collection of improper payments – allowable
- Rental costs for home offices are unallowable
- Travel costs for dependents are unallowable
- Minor A&R allowable as indirect

# 45 CFR 75 – Changes of Note

## Subpart E Cost Principles

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- **45 CFR §75.430 Compensation—personal services (d)(2)**

The allowable compensation for certain employees is subject to a ceiling in accordance with statute. For the amount of the ceiling for cost-reimbursement contracts, the covered compensation subject to the ceiling, the covered employees, and other relevant provisions, see 10 U.S.C. 2324(e)(1)(P), and 41 U.S.C. 1127 and 4304(a)(16). For other types of Federal awards, other statutory ceilings may apply.

**Salary rate limitation per Consolidated Appropriations Act, 2016, Division H, §202, (P.L. 114-113)--\$185,100**

# Allowable Uses of Program Income – Salary Rate Limitation Example

- Individual's full time salary: \$255,000.

50% of time will be devoted to the project	
Direct salary	\$127,500
Fringe (25% of salary)	\$31,875
Total amount	\$159,375

- Amount that may be claimed on the Federal grant due to the legislative salary limitation:

- Individual's base full time salary *adjusted* to Executive Level II: \$187,000

50% of time will be devoted to the project	
Direct salary	\$93,500
Fringe (25% of salary)	\$23,375
Total amount	\$116,875

# 45 CFR 75 – Changes of Note

## Subpart E Cost Principles

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- Shared responsibility payments  
any payments or assessments imposed on an individual or individuals pursuant to 26 U.S.C. 5000A(b) as a result of any failure to maintain minimum essential coverage as required by 26 U.S.C. 5000A(a), are unallowable. See HAB Policy Notice 13–04,  
<http://hab.hrsa.gov/manageyourgrant/pinspals/pcn1304privateinsurance.pdf>.

# 45 CFR 75 – Changes of Note

## Subpart F Audit Requirements

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- The threshold for single audits raised from \$500,000 to **\$750,000**
- Federal agencies are **prohibited from granting an extension to the single audit deadline**
- Threshold for questioned costs – raised from \$10,000 to **\$25,000**
- Foreign recipients and subrecipients are subject to requirements in subpart F unless HRSA determines that this would be inconsistent with obligations of the US or laws of a foreign government



# 45 CFR 75 – Resources

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- [45 CFR 75](#)
- [Council on Financial Assistance Reform FAQs re. 2 CFR 200](#)
- [Preamble and original Federal Register Notice \(12/26/13\) for Uniform Guidance](#)
- [Federal Register Notice \(12/19/14\) Final Rule Implementing 45 CFR 75](#)

# 45 CFR 75 - Resources

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## Federal Grants Management 101

**Online training** developed by a federal workgroup composed of subject matter experts convened by the Office of Management and Budget for the Council on Financial Assistance Reform -- designed to provide Federal officials with basic knowledge on grants and cooperative agreements

- Module 1 – Laws, Regulations and Guidance presents the underlying laws, regulations, policies, practices, and guidance for grant or cooperative agreement programs, including their legal order of precedence and their relevance to different recipient types
- Module 2 – Financial Assistance Mechanisms presents the multiple types of Federal assistance programs – the difference between them and the use of specific award instrument
- Module 3 – Uniform Guidance Administrative Requirements provides an overview of the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200)

This training provides an excellent foundation upon which detailed administrative, accounting and audit requirements specific to relevant HRSA grant and cooperative agreement programs can be added

<https://cfo.gov/cofar/training/>  
<https://grants101.usalearning.net/>

# 45 CFR 75 - Discussion

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