



F&A Rate Extensions: How, Why and What it may cost you

June 13, 2017



Agenda

- **MAXIMUS**
- **Rate Extension Defined**
- **Rate Extension Analysis**
- **How to request a Rate Extension**

MAXIMUS

- **One of the largest publicly held firm with dedicated services to government and education sectors**
- **Revenues > \$2.5 Billion**
- **Excellent financial condition**
- **18,000+ employees in more than 600 offices in the U.S., U.K., Australia, Canada and Saudi Arabia**
- **MAXIMUS Higher Education serves more than 150 colleges, universities, nonprofits, and hospitals**

Higher Education Practice

F&A Consulting Services

- F&A Proposal Preparation
- Space surveys/reviews
- Negotiations
- Fringe Benefits Rate Proposals
- Assistance with federal Disclosure Statement (DS-2)
- Reviews of Service/Recharge Centers

Other Products and Services

- F&A Software: CRIS and WebSpace
- Internal Controls Consulting and Effort Reporting System (ERS)
- Uniform Guidance Diagnostics and Compliance Consulting
- Pre and Post Award Consulting Services and Training
 - Research Operational Reviews – Business Process Review and Improvement – Change Management
 - Policy Review and Development
 - Onsite and Online Training in Grant Management

Understanding Rate Extensions

- Rate extensions have always existed for Institutes of Higher Education
- What is a rate extension?
- What has changed?

Rate Extension Analysis

- What information should I analyze?
- How long should the rate extension period be?
- How can I make the best decision?

What information should I analyze?

- Facility Costs
 - Building Depreciation and Interest
 - Equipment Depreciation
 - Operation and Maintenance Costs

Facility Cost - Building Depreciation

- Review last 5 years of Building Depreciation and Interest
 - Has depreciation and interest increased?
 - New construction of buildings

Facility Cost - Equipment Depreciation

- Review last 5 years of equipment depreciation
 - Has equipment depreciation increased?
 - Is the institution considering a capital threshold change?

Facility Cost - Operations and Maintenance

- Review last 5 years of operation and maintenance costs
 - Have O&M costs increased?
 - Does the University receive the Utility Cost Allowance?
 - Predict future O&M costs

Organized Research Space

- Organized Research Space
 - When was the last space survey?
 - New research space?
 - Changes in research space since last F&A proposal

Organized Research Base

- Review last five years of Organized Research Base
 - Has Research spending increased?
 - Has the Organized Research base increased?
 - Consider future plans regarding Organized Research

Extension Analysis

- Based on Facility Cost Trends, Organized Research Base and Space –
 - Estimate the impact on the Organized Research rate
 - Do the numbers indicate an increase or decrease?
- Consider building projections
 - How much added facility costs?
 - How much added organized research space?

Extension Analysis

- How much is 1 point?

- Federal on campus base

- Example:

- Research Spending 100,000,000
- Federal On Campus base 50,000.000
- ***1 point is worth \$500,000***

Extension Analysis

- Other Considerations
 - Budget Constraints
 - Time
 - Knowledgeable staff

Extension Analysis

- Request an extension when calculated rate is lower than the negotiated rate
 - Most schools do not calculate F&A each year

Extension Analysis

- Most often schools should submit their F&A Proposal
 - Loss of indirect revenue

Extension Analysis

- Time period to request extension?
 - Consider New Construction of buildings in next 4 years
 - Staffing
 - Software

Requesting an Extension

- What is required?
- What method of communication can be used?

Questions?



Upcoming Webinars



- **Internal Controls & Communication** • *August 1 • 2:00 p.m. EST*
- **Moving from Short Form to Long Form Considerations** • *August 15 • 2:00 p.m. EST*
- **Re-budgeting & Cost Transfers** • *September 12 • 2:00 p.m. EST*
- **F&A Trend Analysis Using CRIS®** • *September 19 • 2:00 p.m. EST*
- **The Utility Cost Adjustment (UCA)** • *October 17 • 2:00 p.m. EST*

thank
you

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