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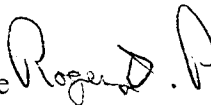
THE UNIVERSITY OF NORTH CAROLINA
AT
CHAPEL HILL

Associate Vice Chancellor
for Finance

June 21, 2000

CB# 1000, 304 South Building
The University of North Carolina at Chapel Hill
Chapel Hill, NC 27599-1000

TO: Deans, Directors, and Department Heads

FROM: Roger D. Patterson, Associate Vice Chancellor for Finance 

RE: Indirect Cost Rates/Proposal and Agreement Processing for State of North Carolina Agencies

There has been some confusion concerning the indirect cost rates to be charged to projects involving the State of North Carolina or its Agencies. University policy in regard to this matter is stated below:

1) Projects funded with State Funds or through a State Agency with Federal Block Funds:

An indirect cost rate of 10% of total direct costs (TDC) should be utilized for these programs. This represents approximately one-fifth of our negotiated federal indirect cost rate. The difference between the 10% TDC rate and our federally negotiated rate, currently 45% of modified total direct costs (MTDC) for research programs, represents cost sharing on the part of the University and should be clearly identified as such in the proposal.

2) Competitive grants/contracts passed through State Agencies:

Occasionally, the University may be a subcontractor in a proposal being submitted to the federal government or other sponsor (prime agency) by a State Agency. In these instances, the current federally negotiated indirect cost rate should be utilized unless the prime agency has a written policy that mandates a lower rate.

The processing of proposals and agreements for State of North Carolina agencies should be handled in the same fashion as federal research proposals. A proposal/contract should be approved through normal university channels and should contain appropriate indirect cost information.

If you have questions regarding this policy, please contact Mr. F. John Case, Executive Director of Contracts & Grants or Mr. Kent Walker, Contract Administrator at 966-3411.