



January 2015

To Whom It May Concern:

Virginia Commonwealth University (VCU) proposes to partner with your organization in a "pass-through/subrecipient" relationship in connection with our prime application for Federal funding. Please prepare a line item costing estimate consistent with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (also referred to as 2 CFR 200 or simply "Uniform Guidance") which takes effect with awards issued on or after December 26, 2014.

Consistent with *Uniform Guidance*, as the pass-through entity, VCU must accept your Federally Negotiated Indirect Rate Agreement. Per §200.414(f), if your organization... has never received a negotiated indirect cost rate, except for those non-Federal entities described in Appendix VII to Part 200...[you] may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely.

The following *Uniform Guidance* excerpts may be helpful in the preparation of supporting documentation:  
§200.68 Modified Total Direct Cost (MTDC)

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and subawards up to the first \$25,000 or 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. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

If applicable, please provide us with evidence of your organization's rate agreement at the time you submit your subrecipient proposal package to VCU.

Thank you in advance for your compliance with the *Uniform Guidance* regulations. We look forward to working with your organization.

Sincerely,

Annie Publow, MFA, CRA  
Director, Office of Sponsored Programs-  
Government/Non-Profit Support