



Dear Prospective Subrecipient:

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* (also referred to as 2 CFR 200 or simply "*Uniform Guidance*") which took effect with awards issued on or after December 26, 2014.

Virginia Commonwealth University  
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Consistent with *Uniform Guidance*, as the pass-through entity, VCU must accept your **Federally Negotiated Indirect Rate Agreement**; the **terms of your negotiated rate agreement guide the application of subaward and equipment thresholds**.

Effective October 1, 2024

Effective October 1, 2024, per Uniform Guidance §200.414(f), if your organization... does not have 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 15% of modified total direct costs (MTDC) which may be used indefinitely. For those organizations utilizing the de minimis, the following *Uniform Guidance* excerpt may be helpful in the preparation of supporting documentation:

**Modified Total Direct Cost (MTDC)**

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and up to the first \$50,000 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 \$50,000. 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.

**Equipment**

*Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes, or \$10,000.

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,

Andrea J. Publow, MFA, CRA  
Senior Director of Sponsored Programs-  
Government/Non-Profit Support

an equal opportunity/affirmative action university