



PHI INDIRECT COST STRUCTURE ASSESSMENT - REQUEST FOR APPLICATIONS

PURPOSE

To assess the Public Health Institute's (PHI) current cost structure and identify alternative cost structures to help inform the business model and cost allocation model(s) prudent for PHI's operations over the next five years.

BACKGROUND & PROBLEM STATEMENT

PHI is a large 501(c)(3) that has accelerated the impact of public health for [60 years](#). PHI has substantially grown over the last three years due to shifting forces in the public health landscape, its proactive response to the COVID-19 pandemic, and an expansion in its programmatic portfolio. Regardless of significant increases in total revenue, the ability to pivot indirect cost (IDC) structures was limited given compliance with current federal parameters. PHI's current IDC model combined with non-profit revenue recognition and reporting requirements have created a timely opportunity for the Institute to explore alternative IDC structures for the breadth of awards that PHI manages. PHI operates primarily on an IDC model with a negotiated indirect cost recovery agreement (NICRA) on a two-year carryforward basis with separate rates for awards with a modified total direct cost basis and subawards. PHI seeks to evaluate current and alternative cost structure options to 1) attract and retain business and 2) better utilize and leverage its services.

Given the ever-changing nature of public health initiatives and our intention to follow best practices in nonprofit management, PHI seeks to analyze the implications and sustainability of current and potential indirect cost scenarios. Additionally, given recent significant business model and program portfolio changes over the past three years, PHI seeks to evaluate costs in terms of sustainability, alignment with business model, cost allocability, and other issues that will be explored within the cost study. Results of this study should include recommendations for the optimal cost structure for PHI to fully recover indirect costs, increase unrestricted net assets, and analyze implications to any potential changes.

SCOPE OF WORK/METHODOLOGY/DELIVERABLES

PHI will seek to understand its current cost structure in four phases:

1. The first phase should be focused on analyzing historical data to analyze trends and current cost structures. Additionally, a deliverable we seek in this phase is a data model or tool that identifies costs as cost objects and allows us to run scenarios by quickly pulling cost objects out and understanding the impact on current or proposed new models, NICRA rates, etc. The tool should also be able to have multiple years of revenue projections to better understand how current year over and under recovery will be modeled into future years.
 - a. Portfolio composition between the different, or proposed, rates should also be a feature of this tool.
2. The second phase will seek to answer current and future state cost centers. This phase may require input from a broad group of stakeholders that PHI staff will engage with while phase 1 is underway.
3. The third phase of this statement of work will focus on a review of IDC policies with suggestions for improving the policies we disseminate to our internal and external stakeholders. Also, we want to understand approaches that other organizations take under similar circumstances and an acceptable approach under the federal UG.
4. The last deliverable will focus on helping PHI develop an acceptable cost allocation plan in line with the federal Uniform Guidance. This plan should also be incorporated into the model developed in Phase 2 to account for costs that benefit multiple cost pools (i.e. depreciation, bank fees, insurance, etc.).

BUDGET

PHI estimates this body of work will cost between \$60,000-\$90,000. Interested parties may submit their letter of interest to Derrick Browning, Chief Financial Officer, at dbrowning@phi.org.