

April 27, 1965

Mr. C. J. Stratton, Special Assistant
Financial Management Branch
Department of Health, Education, and Welfare
Bethesda, Maryland 20014

Dear Mr. Stratton:

I am in receipt of your letter of April 16, 1965, indicating a provisional indirect expense allocation rate for funding purposes for the Psychiatric Research Foundation of Missouri of 14.9% of allowable direct costs. In an earlier communication (December 31, 1964) an allocation rate for indirect expenses of 27.6% was determined for the period ending June 30, 1963.

Insofar as the indirect costs of the Foundation increased markedly during the second year, the decrease in rate from 27% to 14.9% is contrary to our experience.

On January 1, 1965, the Foundation transferred to the University of Missouri all of the research grants from the U. S. Public Health Service, and will transfer the training grants as of June 30, 1965. In order to facilitate the completion of the transfer of funds, it would be helpful if you would indicate the basis for the decrease in the indirect expense allocation rate and the criteria which led to the reduction, especially as this may apply for the funds which were operating during the period June 30, 1964, to their termination on December 31, 1964.

Sincerely,

Max Fink, M.D.
Executive Director

MF:jm
cc: Mr. Stuart
Mr. Hanke