Facilities & Administrative (F&A) Rates

Overview

The University requires full F&A cost recovery. For all categories of sponsor, the University should apply its negotiated F&A rate to all extramural awards for research, instruction, and other sponsored activities. Citations in the Uniform Guidance support full F&A recovery on Federal support including flow through. The appropriate rate is applied to a Modified Total Direct Cost (MTDC) base as defined in §200.68 Modified Total Direct Cost (MTDC). If a sponsor’s published policy mandates a lower F&A rate, an indirect cost exception (aka, waiver) must be obtained.

- Sister UC Campus F&A Rates
- Chart of Project Type and F&A Cost Rate
- Use of F&A Cost Rates in Grant and Contract Proposals
- On-Campus versus Off-Campus F&A Rates
- Types of Projects
- Accounting Implementation Guidelines for New and Ongoing Awards

Sister UC Campus F&A Rates

The total (direct + F&A) cost of UC Subcontracts (out to other UC campuses) is always exempt from F&A costs here at UCSF on Federal awards (non-Federal applications will vary per policy).

Each UC campus negotiates its own F&A rates with the Department of Health & Human Services (DHHS). When UC campuses collaborate on sponsored projects, each campus applies its own negotiated F&A rate to its Modified Total Direct Cost (MTDC) base, and includes those F&A costs in the budget submitted to the applicant campus.

Therefore, the applicant campus excludes the collaborating campus’ total costs from its Modified Total Direct Cost base calculation. Staff responsible for preparing budgets should include the total cost of the UC subcontract as a direct cost in the UCSF budget, but the entire UC subcontract cost should be excluded from the UCSF MTDC calculation.

Click here for the UC Campus to Campus Indirect Cost Application Job Aid, based on questions posed related to UCSF assisting another UC campus with a specific activity requiring significant time and resource investment.
Chart of Project Type and F&A Cost Rate

The Regents and the Department of Health and Human Services (DHHS) signed a new Facilities & Administrative Cost Rate Agreement effective November 27, 2017. These rates should be used on proposals submitted to government or non-profit agencies that do not have an approved indirect cost policy waiver in place. The San Francisco campus rates are printed below for use with all new, renewal, revision and competitive supplement grant, contract or subcontract proposals. Use "November 27, 2017" as the DHHS agreement date on the NIH application checklist page, or when an agreement date is requested by other funding agencies.

Awards issued with the May 23, 2012 rates will continue to apply the old rates through to the end of the competitive segment and the new rates should be applied to any competitive renewals. (Please see the May 23, 2012 rates and agreement.)

<table>
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<tr>
<th>TYPE OF PROJECT</th>
<th>FACILITIES AND ADMINISTRATIVE (F&amp;A) COST RATES</th>
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<td><strong>On-Campus</strong></td>
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<tr>
<td>Sponsored Research</td>
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General Clinical Research Center

*Note special GCRC MTDC base listed below

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Intergovernmental/Personnel Act Agreements

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*Modified Total Direct Cost Base (MTDC) is the Total Direct Cost (TDC) less expenditures for:

1. Equipment cost of:
   1. Purchase including shipping and sales tax of tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. This includes software costing $5,000 or more per copy license through (including the cost of sales tax, shipping, and any installation charges).
   2. Fabrication of equipment as defined in the UC Office of the President Accounting Manual Chapter P-415-32, Section II.
2. Alterations and Renovations.
3. Patient Care Costs: Costs of hospitalization and other routine and ancillary services provided by a hospital or clinic to patients participating as research subjects. Routine and ancillary services provided by academic departments or units and which are covered by the DHHS negotiated Patient Care Rate Agreement (generally, those services which are billed through UCSF Medical Center) are considered patient care costs. Patient care costs do not include services in non-clinical space provided by commercial laboratories which must be budgeted in the "Other Expenses" category and assessed F&A costs. For clinical trials, visit Clinical Trial Coverage Analysis, Billing & Budget.
for information.

4. Off-campus rental of space and related maintenance costs (janitorial, utilities) but only if they are included in the rental agreement.

5. Tuition and fee remission.

6. Scholarships and fellowships: Financial aid paid directly to University students (stipends, scholarships and fellowships). This category does not include any disbursement of salaries and wages.

7. That portion over $25,000 of each subcontract with a third party, including (effective 07/01/2000) the UC/DOE Laboratories (Lawrence Livermore, Lawrence Berkeley, and Los Alamos National Labs). F&A costs are assessed on the first $25,000 during each competitive project period. If there are multiple subcontracts from the same institution on the same proposal/award, EACH subcontract should be assessed F&A on the first $25,000 during the competitive project period.

8. The total costs of any subcontract to another UC campus.

9. For awards subject to the new Uniformed Guidance versus OMB Circular A-21 (see Uniform Guidance for Federal Awards): Expenses for Participant Support Costs (Account 57824), which are items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects. Please note, this does not include Research subject payments (Account 57823), also known as patient incentives and respondent fees, which are small payments made to individuals who are participating in a research project as a human subject. This does not apply to NIH Ruth Kirschstein NRSA programs and must have been included in NIH Funding Opportunity Announcements (FOA). Note: application of this exclusion requires reference to REMS VSP Exception #130765 at Award Acceptance.

* For GCRC awards, the MTDC base includes all exclusions listed above (1-9) plus salaries and fringe benefits for nurses, bionutritionists, ward clerks, and social workers supported as a direct cost to the grant.

F&A Base Codes (for internal use) are available on the Controller’s Website.

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**Use of F&A Cost Rates in Grant and Contract Proposals**

**Escalating Rates:** If a budget proposal period covers two UC fiscal years (i.e. 10/01/17 - 9/30/18), a combination of the two rates should be used in proposals (i.e., 9 months @ 59.5% for on campus research and 3 months at 60.0%). When using multiple rates on either a budget page or on the NIH checklist page, express both rate periods to the sponsor; do not use an average rate. Note: UCSF fiscal year is from July 1 to June 30.

**Training Awards:** When preparing NIH Career Development (K award) proposals, a rate of 8% MTDC should be used. NIH Institutional National Research Service Award proposals (institutional NRSA training grants) should use a rate of 8% on TDC less tuition and related fees, equipment and subcontracts in excess of $25,000.

**Multi-Center Projects with Clinical Components:** When determining the type of project and the appropriate F&A rate to be used for large multi-center proposals which include clinical
components such as cooperative agreements, only the portion of the work performed at UCSF, minus all subcontracts, should be considered. It should then be determined if the project scope of work is primarily for performance of clinical trial activities (as defined below), or for research. This determination is made by comparing the total dollar amounts paid for salaries associated with clinical trial work to salaries associated with research and related coordination activities.

- If the preponderance of salaries are for clinical trial related work, the project should be categorized as a clinical trial and a clinical trial F&A rate applied.
- If the preponderance of the salaries are for research and related coordination activities, a research definition should be applied and the correct research F&A rate should be used.

On-Campus Versus Off-Campus F&A Rates

(Click here to see if the UCSF site location is on-campus or off-campus.)

Summary:

- On-campus F&A rates should be used for all sponsored projects performed in any building owned by UCSF or any other UC campus.
- In addition, on-campus F&A rates should be used for any sponsored activity performed at any of the following leased locations/facilities:
  - Zuckerberg San Francisco General (ZSFG)
  - Laurel Heights
  - Sandler Neuroscience Building
- When possible, sponsored project proposals should consider the future locations of project activity in development budgets. Specifically, units that will move on campus should plan to transition to on-campus rates at the time of relocation.
- All other facilities not owned by UCSF or another UC campus are considered off-campus and should use an off-campus F&A rate. In addition, the full cost of space and related maintenance costs (janitorial, utilities) should be charged directly to these sponsored projects.
- Departments initiating rental agreements for off-campus locations must contact the campus Real Estate Assets and Development department (READ) for assistance prior to authorization of a rental agreement.

UCSF Federal Rate Agreement Language on Use of On-Campus and Off-Campus Rates

- **Off-Campus Rate:** The off-campus rate is applicable to those projects conducted at facilities not owned or leased by the University. However, if the project is conducted in leased space and lease costs are directly charged to the project, then the off-campus rate must be used.
- **Projects Conducted Entirely On-Campus or Entirely Off-Campus:** Projects conducted entirely on-campus or entirely off-campus will be applied the on-campus or
off-campus rate respectively.

- **Projects Conducted Partially Off-Campus and Partially On-Campus:** If the project involves work at both on-campus and off-campus sites, either the on-campus or off-campus rate generally should be applied, consistent with where the majority of the work is to be performed. Salary cost is generally accepted as a measure of work performed in terms of the total project.

- **Use of Both On-Campus and Off-Campus Rates:** The use of both on-campus and off-campus rates for a given project may be justified if both of the respective rates can clearly be identified with a significant portion of salaries and wages of the project. For purposes of this provision, significant is defined as approximately 25% or more of the total costs and a project’s total salary and wage costs exceed $250,000.

### Application of On-Campus and Off-Campus Rates When Multiple Project Sites Exist

- If a project is conducted partially on-campus and partially off-campus, either the on- or off-campus rate should be applied based on where the majority of the work of the project is to be performed. Salary costs should be used as the term of measurement.
- Simultaneous use of both an on-campus and off-campus rate for a project may be allowable for any given year if all of the following conditions are met:
  - the project is significant (total salaries, excluding fringe benefits, for the project exceed $250,000/year)
  - the on-campus and off-campus portions of the project can be identified clearly by means of separate budgets
  - the salary and wages associated with each portion (the on-campus and off-campus portions) of the project must total at least 25% of the total project costs.
- When applying the above criteria, **all subcontract costs should be excluded.**
- A separate analysis must be conducted annually.
- Formal approval for the use of both on- and off-campus rates for a competitive project is required from Office of Sponsored Research. Approval must be obtained prior to proposal submission.

### Principles and guidance related to F&A (indirect) costs for faculty who are moving from off- to on-campus locations:

- The campus does not expect support for researchers’ efforts to be negatively impacted by a change in their work location. As a result, researchers will not be asked to “make up” for any change in indirect rates through a reduction of their direct cost budgets.

- Efforts by C&G Accounting and Office of Sponsored Research will be made to negotiate a change in the indirect rates to reflect the proper location of the work with the goal to capture as much of the indirect costs as possible.

- If a negotiation to a new, higher rate is not possible, the budget will not be revised until there is a competitive break that will allow for inclusion of the new on-campus rate.

- Following competitive breaks, awards are expected to include the on-campus indirect rate. Waivers for exceptions must be supported by the EVCP.
Types of Projects

It is important to identify the Purpose of each project in order to apply the correct indirect cost rate. Below are the definitions for the different types of projects that relate to the Award Purposes programmed into the University's financial system.

The codes Research (R), Instruction (I), Clinical Education (CE), Academic Support (AS), or Public Service (PS) appearing below designate Function associated with the financial activity posted to a specific award. The letters R, I, CE, AS and PS are the alpha counterpart to the Function Code, which is the numeric translation of each of these descriptions and is a required element in the chartfield used in posting all revenue and expense transactions. When the Function Codes are finalized, the letters will be replaced with the numeric code.

Research (BASIC) (R): The separately budgeted and accounted for research under a contract or grant made in support of investigation or experimentation aimed at the discovery and interpretation of facts, revision of accepted theories in the light of new facts, or the application of such new or revised theories. Includes basic, applied and developmental research.

Instruction (INST) (I): A contract or grant awarded to support costs of training University of California students, personnel, or prospective employees in research, or in the techniques or practices pertinent to the delivery of health services in the particular area of concern that occurs outside of a clinical setting (e.g. classroom or laboratory). Examples: NIH training grants, scholarships or fellowships. Does not include activity funded through career development grants.

Clinical Education (CLNED) (CE): Training of UC students in research or the techniques or practices pertinent to the delivery of health services in the particular area of concern that occurs while they practice in a clinical setting. This includes all resident and fellow rotations at hospitals and clinics, not funded through career development grants. Examples: the SFGH Affiliation agreement and other training, scholarship or fellowship awards that require a majority of training to take place in a clinical setting.

Career Development (CARDV) (I): Program support for UC Personnel to provide protected time for career development experience to scientists in the biomedical, behavioral, or clinical sciences and labeled by sponsors as "career development." Some programs allow researchers to focus their careers or act as mentors for others, enhance workforce diversity, to train in a new field, to restart their career after a hiatus, transition to more advanced support mechanisms, etc. Examples: NIH career development awards (K awards), private awards to a faculty member for career development.

Other Sponsored Activity awards: An award for an activity other than research or instruction. These include:

- Public Service (PUBSV) (PS): A contract or grant award to educate, train, or disseminate information to a primarily non-UC, sponsor-designated group of recipients. Awards of this type are frequently from federal, state, municipal or county government agencies. Conference awards are included under this project type. Examples are
training of city or county staff on new procedures for HIV prevention or a state funded
poison control center.

- **Clinical Trials (CLIN) (R):** An award given specifically for the controlled, clinical testing
  in human subjects of investigational new drugs, devices, treatments, or diagnostics, or
  comparisons of approved drugs, devices, treatments, or diagnostics, to assess their
  safety, efficacy, benefits, costs, adverse reactions, and/or outcomes. Such studies may
  be conducted under an industry-developed protocol or an investigator-developed
  protocol.

- **Other Clinical Service (CLINO) (I, R):** A one-time sale of a pre-developed clinical test
  or clinical evaluation service (such as radiograph review, MRI screening) by a UC faculty
  member and associated staff. If the test is modified, improved or developed in any
  manner in order to provide the service, then the agreement is classified as sponsored
  research.

  This other clinical service definition also includes the provision of medical/patient care
  services to a non-UC, sponsor-designated group of recipients. Awards of this type are
  frequently from federal, state, municipal or county government agencies. Examples are
  a city HIV screening clinic or provision of mental health services.

- **Equipment (EQUIP) (R):** An award solely for the purpose of purchasing equipment
  items.

- **Other (OTHR) (I, AS, R, PS):** This category covers awards which may not clearly fit
  within other categories (for example a travel grant). Program evaluation awards are also
  included in this category. A program evaluation award is defined as an award to
  evaluate a sponsor's program or a sponsor-designated program (for example, an award
  to evaluate a Medicare program). If an evaluation award includes actual performance of
  plans to improve, modify or develop a program which has been evaluated, and the
  majority of the work under an award is for these activities, the award should be classified
  under the appropriate activity category of Instruction, Research, or Public Service (i.e.,
  whichever best reflects the actual performance).

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**Accounting Implementation Guidelines for New and Ongoing Awards**

The F&A rates are implemented by the Accounting Office as follows:

**Federal Grants and Contracts**

F&A rates for federal grants and contracts awarded prior to November 27, 2017 will remain
fixed at the rate(s) in the original award notice for the total project period stated in the award
notice.
The F&A rates are effective as of November 27, 2017, the date that the DHHS, Division of Cost Allocation, Western Region has signed this rate agreement will be input into the accounting system as each award notice arrives for all competitive federal grants and contracts awarded on or after November 27, 2017. Competitive federal grants and contracts include new, renewal, revision or competitive supplement awards. Should a competitive award notice be received which improperly utilizes expired F&A rates, OSR will contact the federal agency to obtain a corrected award notice. If the proposal was submitted using the expired rates, and the federal agencies does not provide additional funds to cover the new rates, the expired rates will be used. This instance of using the old rate will not require an indirect cost exception (aka, waiver).

For competitive federal grants and contracts awarded on or after November 27, 2017, F&A rates will increase each July 1, in accordance with the terms of the F&A Cost Rate Agreement. For example, the F&A rates for an on-campus four year research award starting in January 1, 2018 will be 59.5% for the period 1/1/18 - 6/30/18, 60.0% for the period 7/1/18 - 6/30/19, 60.5% for the period 7/1/19 - 6/30/20 and then 61.5% until the end of the competitive period of the award.

Subcontracts under Federal Grants and Contracts

F&A rates for subcontracts under federal grants and contracts with start dates prior to November 27, 2017 will remain fixed for the life of the prime agreement (i.e., through the competitive period of the prime award) at the earlier expired F&A rate agreement.

The new DHHS-negotiated F&A rates will be input into the accounting system for all new, renewal, revision or competitive supplements with start dates on or after November 27, 2017 as described above for federal grants and contracts. However, if a new subcontract award with a start date of November 27, 2017 or later is received which has been issued at an expired F&A rate, OSR will request the new DHHS rates from the subcontracting agency. Should the subcontracting agency deny the request, and the expired rates were used in the proposal, then the expired rates will be used until the end of the competitive period of the prime agreement. This instance of using the expired rate will not require an indirect cost exception (aka, waiver).

CIRM Grants

F&A rates for CIRM are based on the approved rates with a start date of July 1, 2012 or later. Please note that an application should use the CRIM approved rate in place at the beginning of each budget period for that whole budget year. Use of a blended rate due to an overlap between the budget and fiscal year is not allowed.

Non-Profit Grants and Contracts

The rules for federal grants and contracts described above will apply to those awards which do not have an F&A waiver in place.

Policy updated
1/28/15: Uniform Guidance added
1/1/13: Clinical Trial definition updated
06/15/12: Replaces prior DHHS agreement dated August 28, 2009
06/15/12: UCSF guidance replaced
05/23/12: DHHS Agreement date updated
11/27/17: DHHS Agreement date updated

Chart of Project Type and F&A Cost Rate (for previous agreement dated 3/23/2017)

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FACILITIES AND ADMINISTRATIVE (F&A) COST RATES
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