Indirect Cost Recovery for State of California Awards

Oct 9, 2017

Please be aware that for all State of California agreements[1], a rate of 25% of federally-defined Modified Total Direct Costs (MTDC) must be applied to contracts and grants with beginning on or before June 30, 2018.

Background

In 2016, University of California (UC) along with California State University (CSU) established a base rate of 25% increasing over 4-1/2 years to 40% MTDC for the recovery of facilities and administrative costs for State of California funding.

In an August 25, 2017 letter to Chancellors, Chief Financial Officer Nathan Brostrom indicated that the University, in consultation with the CSU, has suspended for one year the escalation from 25% to 30% IDC to be applied to on-campus agreements from State of California agencies.

Historically, State of California agencies have provided little if any indirect cost recovery on their agreements to UC, resulting in an unsustainable subsidy of real costs at a time of greater disinvestment in UC’s undergraduate mission by the State. Over the next year, the Office of the President will be reaching out to State of California agencies to help them understand the impact on UC from continued under-recovery of actual costs.

Revised UC Rate for California State Agencies

For further information please go the [UC RPAC Guidance Memo 17-07](http://osr.ucsf.edu).

Please direct questions to Government and Business Contracts [GBC@ucsf.edu](mailto:GBC@ucsf.edu)

[1] The following are noted exceptions to this policy:

a) California Department of Food and Agriculture (CDFA) commodity groups,

b) California Institute for Regenerative Medicine (CIRM) grants, and
c) When there is express approval from campus Chancellor or delegate and UC CFO Nathan Brostrom.