

# Berkeley's F&A Waiver Process

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# Berkeley's Current Federally Negotiated F&A Rates

- Facilities & Administrative rates, a.k.a. indirect costs or overhead
- Negotiated with DHHS
- Effective 6/30/22 until amended
- F&A is applied to the Modified Total Direct Cost (MTDC) base

On-Campus		Off-Campus	
Research	60.5%	Research	26%
Instruction	48%	Instruction	26%
Other Sponsored Activities	40%	Other Sponsored Activities	16.5%
SSL	34%	SSL	24%

# Indirect Cost Rates for State of California funded projects (UC Rates)

- 25% comprises the core administrative component
- For on-campus projects 5% will be added gradually to recover facilities costs until the 40% rate is reached
- UC rates are applied to the Modified Total Direct Cost (MTDC) base
- UC Rate in effect for first year will be the rate used for the entire project unless additional funds (not previously appropriated or budgeted) are awarded
- Federally negotiated F&A rate should be used rather than the UC Rate when the State agency is a pass-through entity, as defined in 2 CFR 200.1

UC Indirect Cost Rate Schedule

On-Campus	Off-Campus
25% through June 30, 2019	25%
30% through June 30, 2023	
35% through June 30, 2024	
40% starting July 1, 2024	
8% inst. training activities (training of UC students)	

# Indirect Cost Waiver Overview

An indirect cost exception (a.k.a. waiver) is the official authorization to accept less than full indirect cost recovery

## How it Works:

- Authority to approve the majority of indirect cost exceptions (waivers) has been delegated by UCOP to each UC campus
- Foreign government and industry sponsors typically are not eligible for F&A waivers
- If a lower indirect cost rate is approved, the lower rate is applied to all of the costs of the project (Total Direct Costs or TDC) instead of the Modified Total Direct Cost (MTDC) base, unless a sponsor policy indicates their own base (e.g., salary and fringe only)
- All campus waivers are recorded in UCOP's tracking system (REMS) to promote consistent treatment of indirect costs across UC campuses

# Sponsor Policy Indirect Cost Waivers

- Sponsor Policy Indirect Cost Waivers are made for:
  - *Non-profit sponsors with a formal written indirect cost rate policy on their website or part of the solicitation*
  - *PIs that can provide a written statement about a non-profit sponsor's indirect cost policy from an authorized representative of the sponsor*
  - *State/Federal sponsors that publish a solicitation for proposals that specifies a specific (and lower) indirect cost rate that applies to all applicants **(NEW!)***
- Sponsor Policy exceptions are approved by SPO's Associate Directors

# Campus Determination Indirect Cost Waivers

- The PI must provide the CGO with a rationale for the waiver and include it in the Phoebe proposal record. Example justifications include:
  - Small seed grants which may attract future larger awards that will result in standard indirect cost recovery
  - Awards which include contributions of equipment or building renovation funds
  - Awards for a community relations interest vital to the campus
  - Supplements for a student services activity which the campus must provide and library holdings or public exhibits
- Most Campus Determination waivers are reviewed and approved by AVC-RAC/VCR
- Campus Determinations for State of CA and Federal sponsors require additional Special Approval from UCOP

# Special Approval Indirect Cost Waivers State of CA & Federal Sponsors

- State of CA & Federal Sponsor waivers based on Campus Determination require UCOP approval
- The PI must provide a letter with an acceptable justification in the Phoebe proposal record
- The AVC/RAC and/or VCR reviews and either approves/disapproves the waiver request
- If approved, the waiver is routed to UCOP in REMS as a “Special Approval” for UCOP review and approval

# Questions/Discussion





# Resources and References

- UCB F&A rates: <https://spo.berkeley.edu/policy/fa.html>
- UC Rates (IDC for State of CA funding):  
<https://spo.berkeley.edu/guide/state.html>
- SPO F&A Waiver information page:  
<https://spo.berkeley.edu/policy/fawaiver.html>
- UCOP Contract and Grant Manual, Chapter 8, Indirect Costs:  
<https://www.ucop.edu/research-policy-analysis-coordination/resources-tools/contract-and-grant-manual/chapter8/index.html>