Implementation of New Facilities and Administrative (F&A) Rates
Effective July 1, 2023

Proposals Submitted between July 1 - 31, 2023

A mitigation plan is under development to address the change in F&A rates. Such plan will apply only to new, renewal, and supplemental proposals, which were submitted to a sponsor between July 1, 2023, through July 31, 2023, using the 55.5% MTDC on-campus research F&A rate. Guidance on mitigation for this subset of funded proposals will be distributed by Financial Planning & Analysis in late August.

New & Renewal Proposals Submitted On or After August 1, 2023

All new and renewal proposals, submitted on or after August 1, 2023, must use the new F&A rates. Kuali Research has been updated to reflect the above rates. If the Office of Research and Economic Development (RED) receives a budget for a new or renewal proposal that does not use the new rates, it will be returned to the submitting unit for correction.

If a proposal, using an old F&A rate, is submitted to a sponsor on or after August 1, 2023, the difference between the F&A costs contained in the proposal and the F&A costs calculated using the new applicable rate will be rebudgeted from direct costs at that time the award is set up, if funded.

Supplemental Proposals Submitted On or After August 1, 2023

Unless sponsor policies state otherwise, supplemental funding will be considered new funding. Any application for new uncommitted funding, such as a supplement, should incorporate the new rates.

- Exception: The National Science Foundation (NSF) has a policy of funding supplemental support using the negotiated indirect cost rate(s) approved at the time of the initial award, so supplemental proposals to NSF should use the original award's rates. See NSF PAPPG Chapter X.D.1.d.

Please see below for additional information regarding how the applicable F&A rate associated with parent awards are determined.

Existing Awards with Project Period Start Dates Prior to 7/1/2023.

To comply with 2 CFR 220 (Cost Principles for Educational Institutions), F&A rates currently in effect on active awards will be continued until the end of the current competitive segment*.

*A competitive segment is a period of years approved by the sponsor at the time of the award.

For example, if a sponsored award for an on-campus research project has a project period of October 1, 2021 – September 30, 2025, it will continue to use the 55.5% MTDC rate until September 30, 2025. No cost extensions, approved by RED and/or the sponsor (as applicable), will result in the extension of the project period end date, but will not change the applicable F&A rate.

New Awards with Project Period Start Dates of 7/1/23 and Beyond Resulting from Proposals Submitted Before 8/1/2023.

Background: In accordance with UCR's F&A Rate agreement dated March 14, 2018, UCR was required to use the same rates as those cited for the fiscal year ending June 30, 2019 ("Provisional Rates") until approval of a new rate agreement. Also, in accordance with 2 CFR 220, when an education institution does not have an approved F&A rate agreement at the time of award, the Provisional Rate is used for awarding F&A costs. The Provisional Rate is then subsequently adjusted once a new rate agreement is approved.

Awards with project period start dates of July 1, 2023, and beyond that resulted from new and renewal proposals submitted before August 1, 2023, should use the F&A rates in place at the time the award is issued (i.e., the new rates).

If a sponsor intends to make an award in response to a proposal submitted before August 1, 2023, and the sponsor requests or requires submission of a revised proposal budget prior to making the award, the revised budget must use the new applicable rate. Please remember that all revised budgets require the review and approval of the Office of Research and Economic Development prior to submission to a sponsor.

To cover the increase in the on-campus research F&A rate (i.e., from 55.5% MTDC to 57.5% MTDC) on new Awards, the PI/Department may have several options:

1. The PI could request additional funds from the sponsor to cover the increase in F&A. The feasibility of this option, as always, depends on sponsor policy. If allowed, the PIs/Department should contact the RED Officer assigned to their unit to make this request.
2. The PI/Department could rebudget to make more funds available for F&A costs. This action may or may not require sponsor approval, depending on sponsor policy.

Note: NSF will <u>not</u> provide additional funding to cover any increase in F&A costs that result from a new F&A rate agreement. Therefore, PIs/Departments will need to rebudget for the increase in F&A costs. This may be done without additional NSF approval if the Research Terms and Conditions (RTC) apply to the NSF award. PIs/Departments should consult the NSF award document for this information. If RTC does not apply, the PIs/Department should contact the RED Officer assigned to their unit for guidance.

Please contact the RED Officer assigned to your department with questions regarding the new F&A rates and/or determining applicable F&A rates.