

UC Davis Policy and Procedure Manual

Chapter 230, Sponsored Programs

Section 03, Indirect Costs/Facilities and Administration (F&A) Costs

Date: 8/26/11

Supersedes: 12/19/06

Responsible Department: Office of Research

Source Document: Standing Order of The Regents 100.4(m)

I. Purpose

This section provides policy regarding indirect costs of sponsored activities and the procedure for requesting exceptions.

II. Definition

Indirect costs—those costs incurred for joint or common benefit that cannot be allocated to individual project budgets, including the following:

- A. Operation and maintenance of plant
- B. Building use allowance
- C. Equipment use allowance
- D. General administration
- E. Libraries
- F. Departmental administration
- G. Student services
- H. Sponsored projects

III. Policy

- A. The University shall recover all costs, both direct and indirect (F&A), incurred in the performance of extramurally supported research, training, or other sponsored activities.
- B. Applicable federally negotiated indirect costs must be included in all proposals unless specifically waived by the Vice President for Research and Graduate Studies.

IV. Exceptions

A. Criteria

Requests for a waiver or reduction to the recovery of full applicable federally negotiated indirect cost rates must meet one of the following criteria:

1. The anticipated award supports a vital program in the best interest of the campus, and the Chancellor (or designee) so specifies.
2. The anticipated award is a cooperative agreement, and the sponsoring agency is providing quantifiable support to the University in excess of the indirect costs.
3. A nonprofit sponsor is limited by statute, published agency regulation, or corporate policy in payment of indirect costs.
4. It can be documented that a specific component of the indirect cost rate is not applicable to the sponsored project.

B. Procedure

1. The principal investigator submits the following materials to the Office of Research.
 - a. A copy of the work plan, budget, and documentation of the kind of University facilities and equipment that will be used in the project.
 - b. A full explanation of why a rate different from the applicable full federally negotiated rate is being requested, based on the criteria noted above.
 2. The Office of Research will review requests to determine the appropriateness of the documentation and forward the request to the Office of the Vice President for Research and Graduate Studies, UCOP.
 3. The Vice President for Research and Graduate Studies will approve or disapprove the request based on analysis conducted by his/her office.
 4. The decision and analysis will be returned to Office of Research, which will notify campus personnel of the final decision
- C. An approved exception will apply only to the period of the award specified on the request.
- D. If there is a substantive change in the project affecting the basis on which the exception was approved, the exception will be rescinded.

V. Further Information

- A. Current indirect rates and their components are available at <http://research.ucdavis.edu/documentDisplay.cfm?id=1512,pdf>.
- B. Additional information is available from Sponsored Programs; <http://research.ucdavis.edu/home.cfm?id=OVC,3,1240,2044>.

VI. References and Related Policies

- A. [Standing Order 100.4\(m\) of The Regents](#).
- B. UC Office of the President:
 1. [Business & Finance Bulletin A-47, University Direct Costing Policy, 7/1/84](#).
 2. [Business & Finance Bulletin A-59, Costing and Working Capital for Auxiliary and Service Enterprises, 7/1/82](#).
 3. [UC Contract and Grants Manual Section 8-600, Exceptions to Approved Indirect Cost Rates](#).
 4. [DA 2040, Delegation of Authority--Negotiation and Approval of Indirect Costs](#).