

# Changes to UCOP Guidelines for Acceptable F&A Rates on State Contract and Grant Awards

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- Announcement of the change in F&A rates for State agencies was issued by UCOP in February 1, 2016 as Guidance 16-01.
- Guidance 16-01 requires that State award to UC pay minimum F&A rates:
  - 25% effective July 1, 2016
  - 30% effective July 1, 2017
  - 35% effective July 1, 2018
  - 40% effective July 1, 2019
- Process for seeking exceptions to the 16-01 guidance was not provided until September 2016.
  - UCOP process developed by UC EVP/CFO in consultation with campus Chancellors was approved by Chancellors in October 2016
  - Process requires Chancellor approval to seek UCOP approval for an exception
- In response to the proposed process for exceptions, we provided comments and concerns.
- Verification of the UCOP process to request exceptions to F&A minimum rates was just issued on February 28, 2017.
- OCGA has made every effort to negotiate F&A in accordance with the UCOP guidance since July 2016, but (like all other campuses) has not been successful in a number of cases. In those cases, we have sought UCOP approval of exceptions.
- We have not yet had to decline any State award because the agency would not meet the F&A minimum.
- We are concerned that we may have to decline future awards now that the UCOP process has been confirmed.

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Issues for consideration:

- Largest State sponsors at UCLA in FY2016 are:
  1. CIRM (\$34M) – pays nearly 54% in most cases
  2. CA Department of Public Health (\$9.5M) – caps F&A at 15%
  3. CA Department of Health Care Services – F&A 24% (average)
- \$65M awarded by State Agencies in FY2016
  - \$22 M (45%) would have been at risk with F&A rate less than 25%
- Exception process requires approval of the Chancellor before forwarding to UCOP for approval – process for approval will take days or weeks
- In FY2016 44% of all State proposals were received by OCGA one day in advance or the day of the sponsor deadline.