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# UNIFORM GUIDANCE – F&A POOLS

COGR Meeting  
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**One UC DAVIS**

## F&A Rate Calculations - References

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- Appendix III to Part 200 – Indirect (F&A) Cost Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)
- 200.414 – Indirect (F&A) Costs
- 200.415 – Required certifications
- 200.418 – Costs incurred by states and local governments
- 200.436 – Depreciation
- 200.439 – Equipment and other capital expenditures
- 200.449 – Interest
- 200.457 – Plant and security costs
- 200.465 – Rental costs of real property and equipment

## When does the UG go into effect for F&A rates?

- FAQ 110-1 and 110-2 provides guidance on the effective dates for F&A proposals
  - 110-1 “for indirect cost rates and cost allocation plans, Federal awarding and indirect cost rate negotiating agencies will use the Uniform Guidance both in generating proposals for and negotiating a new rate (when the rate is due to be re- negotiated) for non-Federal entity fiscal years starting on or after December 26, 2014.”
  - 110-2 Non-Federal entities may begin to submit actual cost proposals based on the Uniform Guidance when they are due for fiscal years that begin on or after December 26, 2014. For example, if a non-Federal entity is required to submit a rate proposal based on FY 2014 actual costs to set rates for FY 2016, the rate proposal can be developed using the provisions in the Uniform Guidance.

# Administrative Salaries

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- **200.413 – Direct Costs**

- The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all the following conditions are met:
  - Administrative or clerical services are integral to the project or activity;
  - Individuals involved can be specifically identified with the project or activity;
  - Such costs are explicitly included in the budget or have prior written approval of the Federal awarding agency;
  - The costs are also not recovered as indirect costs

## Administrative Salaries – DA Impact

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- **DCE Methodology**
  - Direct charging over 5% of an employee type changes the classification of Administrative to General Support
  - Increased direct charged General Support salary costs compared to Faculty & Professional salaries will increase the DCE ratio
  - The DCE ratio and salaries identified as administrative can have an impact on the Departmental Administration Cost Pool
- **Could lower DA component**
  - Calculated rates close to the Administrative cap increases scrutiny and review of administrative pools

## Utility Cost Adjustment (UCA)

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- When does the UCA take effect?
  - CAS and ONR have different opinions on the implementation of the UCA with the UG
    - CAS – Schools can propose it but they are not required to look at it until 2016 base years
    - CAS – Schools with existing UCA will receive adjustment until 2016 base years
    - ONR – all schools will be required to justify the 1.3

## Utility Cost Adjustment (UCA)

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- Utility Cost Adjustment Factor

- Appendix III (b) 4.c – A UCA not to exceed 1.3 points may be included in the IHE F&A rate for OR per a specific calculation.
  - Where space is allocated to different functions and metering does not allow for unambiguous measurement by function, costs must be allocated as follows:
    - Utility costs for such space should be apportioned to functions in the same manner as depreciation, based on the calculated difference between the building and actual square footage for monitored research laboratory space (site, building, floor or room) and a separate calculation using “effective square footage”.



## Utility Cost Adjustment (UCA)

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- “Effective square footage” allocated to research laboratory space must be calculated as the actual square footage times the relative energy use index (REUI) posted on the OMB website at the time of rate determination – **Currently 2.0**
- The index is a ratio of laboratory energy use index (EUI) to the corresponding index for overall university space
  - Lab EUI 310 Kbtu/Sq Ft-yr
  - College EUI 155 Kbut/Sq Ft-yr
- OMB will adjust the EUI amounts no more often than annually or less often than every 5 years

## UCA – COGR Response

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- For IHEs that have submitted (or will be submitting) a FY2014-based F&A rate proposal (or a FY2013-based F&A rate proposal) to establish F&A rates for FY2016 and beyond, the following is applicable:
  - If the IHE received the 1.3% UCA per OMB Circular A-21, the IHE may include the 1.3% UCA in their F&A rate proposal without any additional documentation.
  - If the IHE is applying for the 1.3% UCA for the first time, the IHE may propose a UCA in its F&A rate proposal by following the requirements in Appendix III, B.4.c.(2)(ii)(B). If the IHE is not able to support the 1.3% UCA using a research laboratory factor of 2.0, the IHE and the Cognizant agency for indirect costs should work together to resolve inequities during the rate negotiation process.

## UCA – COGR Response

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- For all IHEs that are submitting a F&A rate proposal based on FY2015, or later, an adjusted research factor may be applicable. The adjusted research factor, using appropriate technical data, will be established on a consistent basis, in a collaborative manner between OMB, the Cognizant agencies for indirect costs, and IHEs.
- Due to the intensive nature of research, a 3.0 factor may be more reasonable than a 2.0 factor for research laboratory space
  - 24 hour nature of research
  - Air exchange requirements - 100% outside air

## UCA – The Unknown

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- **What is included in Research Laboratory space**
  - Research Labs and Service space
  - What about animal research space?
- **How accurate is the REUI?**
- **When will OMB update the EUI factors?**

## Other F&A Pools

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- Depreciation
  - Clarified that cost share depreciation is allowable for F&A calculations
  - Must exclude “Any portion of the cost of buildings or equipment contributed by or for the non-Federal entity ~~or~~ where law or agreement prohibits recovery”
- Library
  - Professional employee category now specifically includes postdoctoral fellows and graduate students

## Other Issues

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- 200.446 - Idle facilities
  - Added costs associated with idle facilities or idle capacity ...could include the costs of idle public safety emergency facilities, telecommunications, or information technology system capacity, e.g. consolidated data centers
  - Unallowable except for the following:
    - Necessary to meet workload requirements
    - Were necessary when acquired and now idle due to change in program
  - Allowable for a reasonable amount of time, not to exceed one year depending on disposition initiatives taken