

Guidance on the Implementation of New F&A Rates

Purpose: The negotiation of a new Facilities and Administrative (F&A) rate with the Department of Health and Human Services (DHHS) has been completed. New rates will be effective as of July 1, 2016. Pre-Award will now use the new negotiated rates in proposals with start dates on or after 7/1/16.

We want to provide guidance on the implementation and application of the new rate(s). This procedure will outline the standard guidelines for determining how KUCR will treat current and pending awards that may be affected by the new rates.

Implementation Guidance:

New, Competing Renewals, and Supplemental Proposals: The applicable new F&A rate will be used on all proposals with a start date of July 1, 2016 or later. Any proposal for a competitive segment (i.e. a proposal for a new set of years not previously included in an award document, usually three or five years) of a multi-year project or any proposal which, if successful, will result in a new grant, cooperative agreement, or contract issued by the sponsor will incorporate the new rate. Since a supplemental proposal requests additional funding for a current project, the new F&A rate will be incorporated-- unless it will negatively impact the direct costs.

Pending Proposals Already Submitted but Not Yet Awarded: In cases where a proposal was submitted using the previous rates, and is awarded with a start date of 7/1/2016 or after, the Office of Research will work with the sponsoring agencies to request the current F&A rate at the time of the award whenever possible, but will allow the rate that was originally submitted if the sponsor does not award additional funds to cover the new rate. In these cases where the older rate is accepted by KUCR, the acceptance of the older rate will not be considered a "reduced or negotiated" F&A rate and F&A return will be distributed per normal policies.

Revised Proposals to be Awarded: If the start date is on or after July 1, 2016, the applicable new F&A rate will be used for the budget revision--as long as it will not negatively impact the direct costs available to the project. If it will have a negative impact on the direct costs, the Office of Research may contact the agency to request the additional funds to cover the differential. If the agency does not approve this request, then the appropriate previous rate will be applied. If the start date is on or before June 30, 2016, the appropriate previous rate will be applied.

Current Awards and Non-Competing Continuations: Currently active awards will not be affected by the new rates unless, and until, the project enters a competitive cycle. Those projects with "out years" already identified in the original award budgets (for example, many NIH 3- or 5-year projects) will continue to use the applicable F&A rate included in the award budget.

Note: The Office of Research recognizes there is an administrative cost associated with requesting an F&A rate adjustment from a sponsor and will not request a change if the difference in F&A charged to the project resulting from application of the new rate is less than \$500.