

University of California
Office of the President

Senior Vice President—
Business and Finance

Research Administration Office

Memo

Operating Requirement

No. 99 -04
July 6, 1999

CONTRACT AND GRANT OFFICERS

Subject: Procedures for Requesting Indirect Cost Rate Exceptions

With the revision of the University Systemwide Contract and Grant Manual Chapter 8, Indirect Costs, issued on November 10, 1998, some policies affecting the submission of indirect cost rate exceptions were changed. This Memo provides updated guidance and a new form for campuses to use to submit indirect cost rate exception requests based on the revisions made in Chapter 8. Chapter 8 is also available on-line at: <http://www.ucop.edu/raohome/cgmanual/chap08toc.html>

The changes and policies related to them are outlined below following the format of the Indirect Cost Rate Exception Request form attached. As explained in 3. Request Information, below, the major change is the elimination of "quid pro quo" and "component not applicable" as bases for requesting an exception. The form itself is available on-line for campuses to copy and use at the RAO Indirect Waivers website at: <http://www.ucop.edu/raohome/waivers/>

1. CAMPUS INFORMATION:

The information requested in this section is not changed. Please note that the name provided under "Contact" should be someone who can answer questions about the request.

2. PROJECT INFORMATION:

For sponsor information, only the sponsor name and sponsor code, if available, are now requested. If there are sponsors with similar names that could cause confusion, then the sponsor address should be provided either via the attachments or on the request form. The "Project/Program Identifier" should be the title of the project, for an individual exception, or the title of the sponsor's specific program, for a class exception. The Principal Investigator's name is only needed for individual exception requests. For definitions of "Project Type", see the C&G Manual 8-321, Types of Sponsored Projects. If a campus uses a proposal number to identify its proposals, the campus can add that number or any other campus-required identifier for its purposes. It is not needed by RAO.

3. REQUEST INFORMATION:

The major change here is the deletion of two of the former bases for applying for an overhead exception. They were: "*Quid Pro Quo* - Cooperative Agreement" and "Indirect Cost Component Not Applicable." These two bases for requesting an indirect cost rate exception were eliminated with the November, 1998 of Chapter 8. All exception requests should be based on either "Campus Vital Program" or "Sponsor Policy". Due to the fact that the indirect cost rate database already uses the letter "C" for "Sponsor Policy," the two exception bases have to remain as: A) Campus Vital Program and C) Sponsor Policy.

Class exceptions can only be requested on the basis of "Sponsor Policy". Individual exceptions, whether on a sponsor policy or a campus vital interest basis, apply only to the specific campus project named in the exception. They cannot be used for another project. See C&G Manual 8-630, General Requirements for Exceptions, for further explanation and definitions of "Campus Vital Program", "Sponsor Policy" and when an individual or a class exception can be provided.

When the exception is for a "reduction of rate", indicate the type of base that the rate applies to, e.g., a modified total direct cost base (MTDC); total direct cost base (TDC); salaries and fringe benefits; etc. If the base needs to be explained, use the space in the next section, 4. Analysis, under "Basis for Request" to describe the base. The type of base is also expressed in the next section in the calculation of the indirect costs recovered.

4. ANALYSIS:

The figures and base for the indirect cost rate requested for the entire proposal period must be provided here. As explained above, the type of base can be abbreviated as "MTDC", "TDC", S&F, etc. If the base needs to be described, that description can be provided in the space under "Basis for Request". Attach a copy of the budget for the entire period requested as well as a copy of the sponsor's policy or explanation of the campus vital interest. If attachments clearly explain the basis for the exception request, then no information needs to be provided under "Basis for Request."

Required Attachments:

All exception requests must be accompanied by appropriate documentation for the basis of the request, that is, either a copy of the sponsor's policy or a copy of the Principal Investigator's request for a campus vital interest exception, or equivalent campus documentation, and the Chancellor or designee's approval of that request. Please highlight the sponsor's policy in any sponsor's information. In addition, a copy of the proposal budget and any sponsor terms which require exceptions to UC intellectual property policy when the sponsor is not paying full overhead is required. (See C&G Manual 8-637, Intellectual Property Provisions and Indirect Cost Exceptions.) The RAO indirect cost rate database notes any intellectual property issues for information for other campuses.

Notification to Campus:

An approved exception request is initialed at the bottom by the OP Director, Research Administration, or, in some cases, by the Executive Director, Office of Technology Transfer. The approved exception is faxed

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back to the campus contact name provided at the top of the form. It is also entered into the OP Research Administration indirect cost exception database accessible on-line through the RAO website at: <http://www.ucop.edu/raohome/waivers/> A password, which can be obtained from the RAO staff administering exception requests, is needed to access this database.

Any exception requests which raise policy questions are discussed with the campus before RAO approves or denies them. If an exception request is denied, RAO will write to the campus, explaining the basis for a denial.

Submitting Indirect Cost Rate Exceptions:

Indirect cost rate exceptions can be submitted to OP RAO via mail or fax, as long as all required documents are included. The signature(s) are required on the request form do not have to be original on the RAO copy. A cover letter is not necessary.

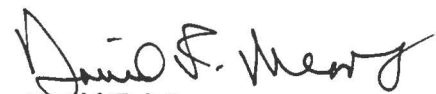
Exception requests, based on sponsor policy, can be submitted via e-mail using the form provided with this memo as an attachment to an e-mail message. However, all the other required information, sponsor's policy, proposal budget, intellectual property exceptions etc. would also have to be submitted as e-mail attachments or their on-line location, such as a sponsor's website guidelines, referenced.

Adding Information to Existing Exceptions:

When a sponsor with a class exception for one of its programs publishes another program at the same rate, only the new program information needs to be forwarded to OP RAO. If it is appropriate, the new program will be added to the sponsor' existing exception. When a sponsor with a class exception changes its indirect cost policy, only the policy needs to be sent to RAO and the sponsor's existing exception will be updated. When a project with an individual exception based on sponsor policy is extended, only the new budget figures need to be forwarded to RAO and not another exception request. An individual exception based on campus vital interest can be extended with campus documentation that it wants to continue the project at the reduced overhead rate.

Refer: Samuela A. Evans
(510) 987-9849
Samuela.Evans@ucop.edu

Subject Index: 08
Organization Index: U-115
Cancel: C&G Memo 87-12



David F. Mears
Director, Research Administration

Attachment

INDIRECT COST RATE EXCEPTION REQUEST
(Please read instructions before completing)

1. CAMPUS INFORMATION

Requested By: (Campus)
Contact (name):

Date:
Telephone:

2. PROJECT INFORMATION

Sponsor Name: _____

Spon. Code (if available): _____ Principal Investigator: _____

Project/Program Identifier: _____

Project Type: _____ Instruction _____ Research _____ Other Sponsored Activity

Location: _____ on-campus _____ off-campus

3. REQUEST INFORMATION

Request for: ___ Waiver of Rate; ___ Reduction of Rate to _____ % of _____
(type of base*)

Request Applies to: _____ Individual Agreement _____ Class of Agreements

Reason: _____ A) Campus Vital Program (Chancellor/Designee's signature required with basis for request provided.)
_____ C) Sponsor Policy (Attach)

4. ANALYSIS

HHS Applicable Rate _____ % of MTDC of \$ _____ = \$ _____

Sponsor Rate _____ % of _____ * of \$ _____ = \$ _____

Estimated Loss _____ % \$ _____

Basis for Request: (*use space to explain type of base if necessary.)

Contract & Grant Officer

Chancellor or Designee

For RAO Use

Received on _____ Reviewed on _____ by _____

Approval: Date Initials Comments

By Dir - RAO _____

By Exec.Dir-OTT _____

Campus Notified: Name: _____ Date: _____