

2013-14 GRANT ADMINISTRATION UPDATES

As a general policy the Research Grants Program Office will update the Grant Administration Manual (GAM) on a yearly basis as needed. However, occasional system-wide changes may necessitate a more immediate policy update. In such cases, all interim amendments to the GAM will be codified in this section with applicable effective dates. As soon as the GAM is republished in its entirety, these amendments will be incorporated into the manual and will no longer appear in this section.

Please do not hesitate to contact the RGPO Contracts & Grants Unit if you have any questions regarding the updates set forth below.

Amendment 1: INDIRECT COST POLICY

This amendment will replace 2011-12 GAM rules 3.1 and 3.1.3, and will apply to all grant awards with a start date of February 1, 2013 or thereafter.

Cost Base for Determining Indirect Cost Allocations for RGPO Awards

The “cost base” for determining the indirect cost (IDC)¹ recovery for RGPO awards will consist of: salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts to an outside institution up to the first \$25,000 of the initial sub-award budget (excluding renewals or extensions). This base is called the Modified Total Direct Cost, or MTDC base. Equipment or other capital expenditures, charges for patient care, scholarships and fellowships (including postdoctoral stipends), tuition remission and graduate student stipends, rental costs of space, as well as the portion of each sub grant and subcontract *in excess* of the first \$25,000, and the total cost of any subcontract from one UC to another UC campus, are excluded from this MTDC base. Any questions about interpretation of the MTDC base can be directed to the RGPO Contracts and Grants Analyst assigned to your grant.

Allowable Indirect Cost Recovery for Primary Grantees

The primary (named) grantee can recover indirect costs on RGPO grant awards as follows:

- For awards to **UC Campuses**, a cap of no more than 25% MTDC is allowable on grant awards, unless otherwise specified in the grant application instructions for a specific grant program or funding opportunity.
- For awards to **Non-UC Institutions the following indirect costing rules apply:**
 - 1) *The CBCRP and TRDRP* programs allow F&A cost recovery utilizing the MTDC base, at the applicable federally approved F&A rate for the Non-UC Institution. (The rate approved by a federal cognizant agency must be used if available). In the absence of a federally negotiated rate agreement, an equivalently documented F&A rate for the institution may be used (upon

¹ IDC is also commonly referred to as Overhead or Facilities and Administrative costs, or F&A.

approval of RGPO).

2) For the *CHRP* program the maximum allowable rate for F&A cost recovery is 25% of the MTDC as set forth above. In addition, CHRP will not allow F&A recovery in excess of the amount that would have been permitted under the respective institution's approved F&A rate (if the negotiated rate is *lower* than the 25% cap, the federally negotiated rate would apply).

- For awards to **UC-managed National Labs (LBNL, LANL, LLNL)** please refer to the rules provided in the specific funding opportunity or grant program, as rules may differ depending on the award type.
- For all **Training Awards** (including Dissertation and Postdoctoral Fellowship Awards) to both UC Campuses and Non UC-Institutions the allowable indirect cost cap is 8% MTDC.

Allowable Indirect Cost Recovery for Award Subcontracts

Subcontractors to RGPO Awards can recover indirect costs as follows:

- For subcontracts to **UC Campuses**, a cap of no more than 25% MTDC is allowable on subcontracts related to RGPO awards, unless otherwise specified in the grant application instructions (e.g. Lab Fee awards).
- For awards to **Non-UC Institutions** the following indirect costing rules apply:
 - 1) *The CBCRP and TRDRP* programs allow subcontractor F&A cost recovery utilizing the MTDC base, at the appropriate federally approved F&A rate for the Non-UC Institution. (An approved Department of Health and Human Services (DHHS) rate must be used if available). In the absence of a federally negotiated rate agreement, an equivalently documented F&A rate for the institution may be used (upon approval of RGPO).
 - 2) For the *CHRP* program the maximum allowable recovery rate for F&A subcontract cost recovery is 25% of the MTDC as set forth above. In addition, CHRP will not allow F&A recovery in excess of the amount that would have been permitted under the respective institution's federally negotiated rate (if the negotiated rate is *lower* than the 25% cap, the federally negotiated rate would apply).
 - 3) The amount of the subcontracted partner's F&A costs may be added to any award type that has a direct cost cap (unless otherwise specified in the grant application). With these awards, the total costs of the grant to the recipient institution may exceed the direct cost cap of the award type by the amount of the total F&A costs (prime + subcontract).
- For subcontracts on **UC-managed National Lab awards (LBNL, LANL, LLNL)** please refer to the rules provided in the specific funding opportunity or grant program, as rules may differ depending on the award type.

Amendment 2: Conflict of Interest

This amendment will replace 2011-12 GAM rule 6.2 and will apply to all grantees effective August 1, 2012 and thereafter. (Please note strike-thru paragraph deleted below).

Grantees must establish safeguards to prevent employees, consultants, members of governing bodies, and others who may be involved in grant-supported activities from using their positions for purposes that are, or give the appearance of being, motivated by a desire for private financial gain for themselves or others (such as those with whom they have family, business or other ties). These safeguards must be reflected in written standards of conduct. The RGPO does not require the grantee institution to establish separate standards of conduct if the institution maintains such standards for its other non-grant supported activities, as long as those standards are consistent with California state and local laws, and cover conduct expectations regarding financial interest, gifts, gratuities, favors, nepotism; and other areas such as political participation and bribery.

The grantee is not required to submit its general standards of conduct to RGPO for review or approval; however, a copy must be made available to each officer of the grantee, each employee and consultant working on the grant-supported project or activity, each member of the governing board, if applicable and, upon request, the RGPO. The grantee is responsible for enforcing its standards of conduct, taking appropriate action on individual infractions and informing the program if the infraction is related to an award. If a suspension or separation action is taken by a grantee against a PI or other key personnel under an RGPO grant, the appropriate RGPO Program Officer must be notified.

~~*Institutions that have active awards from the National Institutes of Health (NIH) are required to apply NIH policy regarding investigators' financial conflicts of interest to grant awards from the RGPO. NIH policy can be found on the website <http://grants.nih.gov/grants/policy>. This policy requires investigators to disclose actual and potential conflicts to a designated official at their institution, and for the institution and investigators to comply with the requirements of 42 CFR Part 50, Subpart F, Responsibility of Applicants for Promoting Objectivity in Research for Which NIH Funding Is Sought, pertaining to investigators' actual or potential financial conflicts of interest*~~