

## **UC DAVIS: VICE CHANCELLOR – RESEARCH**

**October 12, 2006**

### **DEANS, DIRECTORS, DEPARTMENT CHAIRS, AND ADMINISTRATIVE OFFICERS**

#### **UC DAVIS FACULTY**

##### **RE: Primate Center B-Indirect Cost Rate**

The current University of California, Davis Facilities and Administration (F&A) Cost Rate Agreement established “core grant” and “research” rates for our California National Primate Research Center (CNPRC). These rates are often referred to as an A-rate (applied to core grants) and B-rate (applied to non-core grants). Application of the A and B-rates is the process by which the campus recovers its indirect costs incurred to support sponsored programs conducted at the CNPRC. Separate A and B-rates are important because the National Institute of Health (NIH) restricts university use of a portion of the indirect cost recovery generated by the B-rate. A summary explanation is provided below.

UC Davis' current CNPRC A-rate is 21.5% and the B-rate is 51.0%.

CNPRC is one of eight national primate research centers supported by the National Institute of Health (NIH) / National Center for Resources Research (NCRR). The establishments of two rates (A-rate and B-rate) are consistent with the F&A rate agreements established by each of these respective Centers.

The 21.5% A-rate is applied to federal core grants administered at the CNPRC. This rate is intended to recover campus based indirect costs such as utilities, security, central administration, janitorial service, etc. Indirect cost revenue is treated in accordance with UC and campus policy.

The 51.0% B-rate is comprised of two components. The A-component is the A-rate at 21.5% and the B-component is the remaining 29.5% of the rate, respectively. The 51.0% B-rate is applied to non-core grants administered at CNPRC. When indirect cost revenue is calculated, it is identified separately by amounts generated by the A-component and by the B-component, respectively.

The indirect cost revenue generated by the A-component is treated consistent with the A-rate; however, NIH mandates that indirect cost revenue generated by the B-component be reported as CNPRC program income and returned to support their federal awards. These program income costs are intended to offset core funded costs in support of all activities conducted at CNPRC such as administrative expenses, equipment maintenance, building maintenance, data services expenses, waste disposal and other expenses.

The current campus rate agreement is dated June 30, 2004 and is effective for the period starting July 1, 2003 through June 30, 2008. This rate agreement can be found at [http://accounting.ucdavis.edu/EX/UCD\\_F&A\\_Rate\\_06\\_30\\_04.pdf](http://accounting.ucdavis.edu/EX/UCD_F&A_Rate_06_30_04.pdf).

In order to comply with the expectations of NIH/NCRR, the B-rate will be retroactively implemented starting July 1, 2005. Information on how the various administrative campus units

will implement this directive is provided as an Attachment on the Office of Research website located at <http://www.research.ucdavis.edu/documentDisplay.cfm?id=555.pdf>.

The California National Primate Research Center has a separate indirect cost rate that must be consistently applied to research activities that utilize CNPRC resources. The procedures for budgeting and applying the CNPRC indirect cost rate are as follows:

Non-Core Grants administered at the CNPRC

The total indirect cost rate (F&A) to be applied to the budget is 51% (21.5% A-component + 29.5% B-component).

\* Grants administered by a non-CNRPC campus department but with the recharge activity performed at CNPRC

**This would apply to all grant proposals whose budget for CNPRC recharge activity is equal to or greater than \$50,000.** The grant proposal budget must clearly identify expenses associated with the utilization of CNPRC recharge activity. The B-rate of 51% will be applied to CNPRC related recharge activity. The balance of the award will be subject to the campus F&A rate. Please see the Attachment for additional administrative information.

\* Funding agencies that have an F&A class waiver or reduction of the negotiated indirect cost rate will be reviewed on an individual basis in accordance with campus procedure.

\* Implementation of the B-rate F&A - indirect costs (All Funds)

Please see Attachment A for additional administrative information.

Contacts for questions:

Assistant Director Sue Brugh, California National Primate Research Center  
[skbrugh@primate.ucdavis.edu](mailto:skbrugh@primate.ucdavis.edu), (530) 752-7053

Assistant Director Jessie Catacutan, Office of Research [jfcatacutan@ucdavis.edu](mailto:jfcatacutan@ucdavis.edu),  
(530) 747-3833).



Barry Klein, Vice Chancellor - Research  
Office of Research

**06-108**

CALIFORNIA NATIONAL PRIMATE RESEARCH CENTER (CNPRC)  
Grants Administration and Application of B-Indirect Cost Rate

ATTACHMENT A

The purpose of this attachment is to provide administrative detail to the Grant Administration and Application of B-Indirect Cost Rate procedure and answer questions related to Directive 06-108, which will be retroactively implemented beginning July 1, 2005.

**1) Non-Core Grants administered at the CNPRC:**

The total indirect cost rate (Facilities and Administration (F&A) to be applied to the budget is 51% (21.5% A-component + 29.5% B-component).

**2) Grants administered by a campus department but with the recharge activity performed at CNPRC:**

This would apply to all grant proposals when the budget for CNPRC recharge activity is equal to or greater than \$50,000. The grant proposal budget must clearly identify expenses associated with the utilization of CNPRC recharge activity. The B-rate of 51% will be applied to CNPRC related expenses. The balance of the award will be subject to the campus F&A rate in accordance with campus procedure.

At the time of award, the department administering the grant should contact the CNPRC to establish a separate DaFIS account, under the organization of the campus administering department, for the work conducted at the CNPRC. CNPRC will also routinely monitor awards and establish accounts and ensure that all awards are debited (charged) appropriately.

**3) Funding agencies that have a F&A class waiver or reduction of the negotiated indirect cost rate will be reviewed on an individual basis in accordance with campus procedure:**

**4) Implementation of the B-Rate F&A - indirect costs (All Funds):**

A. All Funds

The campus procedure is to treat all funds consistently. The CNPRC will be responsible for identifying all the contracts and grants that have a budgeted amount over \$50,000 for recharge activity at CNPRC. This will require Sponsored Programs (SP) to inform CNPRC about proposals indicating the usage of CNPRC resources on the proposal. SP can decide internally how to best identify and communicate to the CNPRC activity over \$50,000 and make any necessary changes to the data sheet.

B. Allocation of F&A (INDRC) – Indirect Costs

Each campus department (non-CNPRC) will maintain its own accounts. At fiscal year end, CNPRC will identify and provide the DaFIS accounts of the campus department (non-CNPRC) that qualified for B-rate application by utilizing CNPRC recharge activity. CNPRC will calculate the "B" component and the "A" component and provide a

spreadsheet to Extramural Accounting and the Office of Research for review and approval. The Office of Research will manually adjust the Schedule C- Overhead year-end final figures to properly decrease the campus unit for the "B" and "A" component and increase the CNPRC "B" and "A" component. This adjustment is necessary as the "A" and "B" portion of the indirect cost charge (F&A) will be initially recorded in the DaFIS account of the campus department (non-CNPRC). The amount of the "B" portion (29.5%) returned to campus (weighted average) will be credited to CNPRC by the Office of Resource Management and Planning.

For questions regarding this Attachment to Directive #06-108, please contact Sue Brugh, Assistant Director at CNPRC ([skbrugh@primate.ucdavis.edu](mailto:skbrugh@primate.ucdavis.edu)) (530) 752-7053) or Jessie Catacutan, Assistant Director at Office of Research ([jfcatacutan@ucdavis.edu](mailto:jfcatacutan@ucdavis.edu), (530) 747-3833).



Barry M. Klein  
Vice Chancellor – Research