

Federal Uniform Guidance Overview: Preaward

for UC Berkeley Principal Investigators (Effective Date 12/26/14)

IN THE PAST	UNDER THE NEW GUIDANCE	WHAT DOES THIS MEAN?
<p>Administrative and clerical salaries could not be charged to a sponsored project funded by the federal government unless the activity was deemed a "Major Project."</p>	<p>The salaries for administrative and clerical staff may now be charged to the federal government if the following conditions are met:</p> <ol style="list-style-type: none"> 1. The administrative or clerical services are <u>integral</u> to the project or activity; 2. The individuals involved must be specifically identified with the project or activity; 3. The salary costs for these personnel must be explicitly included in the budget or have the prior written approval of the federal awarding agency; and 4. The costs must not also be recovered as indirect costs. 	<p>The principal investigator (PI) must: provide a budget justification in the proposal that explains why administrative/clerical services are essential, i.e., indispensable, for the success of the project and above and beyond what is typically provided within the PI's department/unit. The staff member's effort should reflect this involvement, e.g., 10% for one budget year. The sponsor will then determine if this explanation is persuasive.</p> <p>Administrative/clerical staff members who have effort charged to a federally funded project must report/certify this effort in the campus Effort Reporting System.</p>
<p>The cost of general-purpose computing devices costing <\$5,000 could not be charged to the federal sponsor.</p>	<p>Computing devices not solely dedicated to the award costing <\$5,000 may now be included as a direct project cost as long as the following conditions are met:</p> <ol style="list-style-type: none"> 1. The machines must be <u>essential</u> and allocable to the project in that they are necessary to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. 2. Computer devices may not be purchased for reasons of convenience or preference. 	<p>The PI must provide a budget justification in the proposal that explains why the device/s is necessary—not just needed for convenience or personal preference—for the success of the project. Acceptable reasons include:</p> <ol style="list-style-type: none"> 1. To acquire, store, analyze, process, and publish data and other information electronically 2. To acquire accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information

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<p>Participant Support Costs were allowable costs for NSF projects only and were excluded from F&A calculations.</p>	<p>Other federal sponsors may allow charges for participant support if the PI obtains prior sponsor approval and the project scope or work supports these costs.</p> <p>Under the Uniform Guidance, participant support costs include stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects.</p>	<p>When appropriate, PIs should include participant support costs as a specific line item on the project budget. Such costs are limited to: stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects.</p> <p>Participant costs should not be included as part of a research project budget unless the project includes an educational or outreach component. Human subject payments are not considered participant support costs.</p> <p>Participant support costs should be excluded from the F&A calculation when UC Berkeley applies one of its federally negotiated F&A rates.</p>
<p>Long-term visa costs were allowable.</p> <p>This included visas (for example “J” and “H-1B” visas) that enabled individuals to obtain employment at the University.</p>	<p>Short-term visa costs may be allowable.</p> <p>The Uniform Guidance allows visas to be charged to a federal award as part of the cost of recruiting individuals who will receive salary from the federal award. Short-term, non-immigration visa costs also are allowed for a specific period and purpose as direct costs on federal awards if these costs are critical and necessary.</p>	<p>Provide a budget justification that indicates that visa costs are critical/necessary for the conduct of the project.</p>
<p>Federal agencies might not accept the University’s federally negotiated F&A rate/s.</p>	<p>The University’s federally negotiated rate must be accepted by all federal sponsors.</p>	<p>This means that a sponsor’s representative cannot require the PI to use a rate different from Berkeley’s negotiated rate unless:</p> <ol style="list-style-type: none"> 1. A different rate is required by federal statute/regulation or 2. The rate has been approved by the federal sponsor’s head/delegate and the justification for this rate is made public.

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<p>Subrecipients without a federally approved F&A agreement had to negotiate a federal F&A rate agreement before being reimbursed/paid for any F&A costs.</p> <p>Without an approved federally negotiated F&A rate, subrecipients were limited to a 0% F&A recovery rate.</p>	<p>Subrecipients without a federally approved F&A agreement may charge a De Minimis F&A rate of 10% MTDC¹.</p> <p>For subrecipients that have never had a federally negotiated F&A rate. The De Minimis rate can be used indefinitely until a federally negotiated rate has been obtained.</p>	<p>PIs should advise subrecipients that have never had a federally negotiated rate that:</p> <ol style="list-style-type: none"> 1. The University will not negotiate an F&A rate with the subrecipient on behalf of the federal government. 2. If the subrecipient charges² above the De Minimis rate at the proposal stage and fails to obtain a federally negotiated rate at the time of the establishment of the subaward, the De Minimis rate will be applied up until the issuance of the first subaward amendment that occurs after the subrecipient has obtained a federally negotiated rate. 3. If the subrecipient charges the De Minimis F&A rate at the proposal stage, the subrecipient's F&A recovery will be limited to the De Minimis rate throughout the life of the Berkeley project.
<p>Fixed subawards from Berkeley to other entities could be issued without prior approval or financial limitation.</p> <p>The determining factor governing a fixed price transaction was the PI's ability to realistically estimate of the costs and risks of performance.</p>	<p>Fixed price subawards are now subject to additional limitations/approval.</p> <p>Fixed price agreements are limited to a maximum of \$150,000 (the simple acquisition threshold.)³ Prior sponsor approval also must be obtained.</p>	<p>The PI must include a justification for issuing a fixed cost subagreement of any amount at the proposal stage.</p> <p>The cost of such subagreements may not exceed \$150,000 inclusive of F&A costs.</p> <p>A fixed price agreement cannot be issued if cost sharing is mandatory under the award issued to Berkeley.</p>

¹ MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first \$25,000 of each subaward or subcontract (regardless of the period of performance of the subawards and subcontracts under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward and subcontract in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency.

² Should the allowed sponsor F&A rate fall below 10% MTDC, the sponsor's rate will apply.

³ Simplified Acquisition Threshold means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods.