



CALIFORNIA INSTITUTE OF TECHNOLOGY
Pasadena, California 91125 USA

To: Faculty and Research Administrators

From: Edward Stolper, Provost
Dean Currie, Vice President for Business and Finance

Date: April 1, 2011

Re: Revision to FY2011 *provisional* F&A rate

Since October 1, 2010, we have been operating with a **provisional** Facilities and Administrative Rate (F&A), or overhead rate, of 62%. Despite our best efforts to conclude the negotiations, we have been unable to do so because of the Defense Contract Audit Agency's (DCAA) delays in completing the audits of our F&A rate proposal. In light of this unusual difficulty, the Office of Naval Research (ONR) has agreed to a revision of our **provisional** rate that increases it to 64% effective April 1, 2011. This increase is the result of a number of factors, including a growth in facilities costs (3 new buildings) without a commensurate growth in research expenditures, and the inclusion of an under-recovery of F&A costs for FY 2009.

The new **provisional** rate is effective as of April 1, 2011. The attached memorandum, a revision to the one issued October 1, 2010, details the application of the new **provisional** F&A rate, and reiterates the other Caltech rates in effect for FY2011. Since we are still operating under a **provisional** rate, the rate may yet change again between now and September 30, 2011.



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To: Faculty and Research Administrators

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Re: Revision to FY2011 *provisional* F&A rate

The table below lists various important rates for the 2011 fiscal year, beginning October 1, 2010.

	FY2011	
	April-September	October-March
On-campus provisional F&A rates	64.0%	62.0%
Off-campus F&A rate	25.8%	
Staff benefit rate	27.5%	
Paid leave rate	16.0%	
GRA tuition remission rate (all Federal funds, and funds that pay OH of 15% or higher)	65.0%	
GRA tuition remission rate (all non-Federal funds that pay less than 15% OH)	65.0%-90.0%	
Minimum overhead on endowment income	15.0%	
Minimum overhead on restricted funds	15.0%	
Minimum overhead on research funded by non-government, non-profit agencies	15.0%	

Implementation of New Rates

F&A for Proposals: The new 64% *provisional* F&A rate should be used for all new and renewal proposals submitted with a start date of April 1, 2011 or later. Proposals submitted at the 62% *provisional* F&A rate between October 1, 2010 and March 31, 2011 do not need to be revised.

F&A for Ongoing Awards in Effect Prior to April 1, 2011: Grant and contract awards in effect prior to April 1, 2011 will continue to be assessed their existing F&A rates until the next funding cycle or request for additional funding is proposed and received. For most Federal awards, the F&A rate that is in effect at the beginning of an awarded, multi-year project period remains unchanged until the beginning of the next awarded project period.

F&A for New and Renewal Awards: New and renewal awards will take the applicable F&A rate based on the begin date of the award. Awards with begin dates on or after April 1, 2011, regardless of the date received, will take the 64% F&A rate. Awards with begin dates between October 1, 2010 and March 31, 2011, regardless of the date received, will take the 62% F&A rate.

Staff Benefit Rate: The Staff Benefit Rate (27.5%) applies to salary charges effective October 1, 2010.

Paid Leave Rate: The Paid Leave Rate (16.0%) applies to salary charges effective October 1, 2010.

Graduate Tuition Remission Rates: The Graduate Tuition Remission Rates apply to the salaries/stipends of graduate students effective October 1, 2010.

Overhead on restricted funds, including awards from non-government, non-profit sponsors: The minimum overhead (15%) applies to new restricted funds, including awards from non-government, non-profit sponsors, received on or after October 1, 2010. The types of expenditures to which this overhead charge applies have not changed.

Use of the Off-Campus F&A Rate

The Off-Campus F&A Rate is used when a Caltech project is carried out at a location that is not owned by Caltech. In general, only one F&A rate, either on-campus or off-campus, is applied to an extramural award made to Caltech. Where an extramurally funded project is carried out at both on-campus and off-campus locations, the F&A rate applied to the project is determined on the basis of where the majority of the Caltech effort is conducted. The portion of a project carried out by subcontractors or other non-Caltech collaborators is not part of this determination. Only the programmatic effort performed by Caltech personnel is used to make this determination. A proposal that will utilize the off-campus rate should clearly describe the project activities that qualify it for an off-campus rate.

For particularly large projects with clearly identifiable on- and off-campus components, it is possible to apply multiple F&A rates. Such situations should be anticipated at the proposal stage and discussed with Sponsored Research prior to inclusion in the proposal.

Please contact David Mayo (david.mayo@caltech.edu; x6219) in the Office of Sponsored Research if you have questions regarding the applicability of the new rates. For questions about the overhead on restricted and non-government, non-profit awards, please contact the Gift & Endowment or Sponsored Research contact assigned to your Division.