



To: Faculty and Research Administrators

From: David Tirrell, Provost  
Karen Sisson, Vice President for Administration and Chief Financial Officer

Date: January 31, 2023)

Re: Updated Fiscal Year 2023 F&A Rate and Other Rates

The table below lists important information relevant to research awards for the 2023 fiscal year (effective October 1, 2022) along with comparative information for the previous fiscal year. Caltech has negotiated with the Office of Naval Research for on-campus and off-campus Facilities and Administrative Rates (“F&A”) and for the Staff Benefits Rate on a provisional basis. The table also provides information on the paid leave rate, graduate tuition remission rates, and the overhead rates on non-federal funds. We acknowledge that the increased on-campus F&A rate may be cause for concern; however, its impact on research budgets will be mitigated by reductions in the staff benefit rate and the tuition remission rate.

	<b>FY2024</b>	<b>FY2023</b>	<b>FY2022</b>
On-campus F&A rate (FY2023 provisional)		70.00%	68.40%
Off-campus F&A rate (FY2023 provisional)		26.00%	26.00%
Staff benefit rate (FY2023 provisional)		24.03%	25.30%
Paid leave rate		17.40%	17.20%
GRA tuition remission rate			
All federal funds the provide full federal overhead	49.00%	64.00%	66.00%
Non-federal funds that provide effective overhead of 20% or higher	57.00%	64.00%	66.00%
Non-federal funds that provide effective overhead between 15% and 19.9%	68.00%	76.50%	76.50%
between 10% and 14.9%	77.00%	86.50%	86.50%
between 5% and 9.9%	85.00%	95.50%	95.50%
less than 5%	85.00%	95.50%	95.50%
Minimum overhead on non-federal funds and endowment payouts that provide annual gross funding			
less than \$350k		20.00%	20.00%
between \$350k and \$399k		22.20%	22.20%
between \$400k and \$449k		25.90%	25.90%
between \$450k and \$499k		28.80%	28.80%
\$500k or more		30.00%	30.00%

## **Implementation of New Rates**

F&A Rate for Proposals: The FY2023 70.0% provisional F&A rate should be used for all new and renewal proposals submitted with a start date of October 1, 2022 or later.

F&A Rate for Ongoing Awards in Effect Prior to October 1, 2022: Grant and contract awards in effect prior to October 1, 2022 will continue to be assessed F&A using 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. Formal modification by the sponsor to an already awarded project for additional funds and work may result in reassessment of the applicable overhead rate to the additional funds.

F&A Rate for New and Renewal Awards: New and renewal awards will take the applicable F&A rate based on the begin date of the award rather than the submittal date of the proposal or budget. Awards with begin dates on or after October 1, 2022, regardless of the date received, will take the provisional 70.0% F&A rate. Awards with begin dates on or after October 1, 2022 that have already been processed at the FY2022 F&A rate will be adjusted to the FY2023 F&A rate. Awards with begin dates prior to October 1, 2022, regardless of the date received, will be assessed using the applicable F&A rate. If the FY2023 final approved rate is different from the provisional rate, already incurred charges may be adjusted, as appropriate.

Staff Benefit Rate: The Staff Benefit Rate has been approved at a provisional rate of 24.03% and is effective October 1, 2022.

Paid Leave Rate: The Paid Leave Rate for FY2023 is 17.4% and is effective October 1, 2022. The Paid Leave rate was increased by .4% effective October 1, 2022 in order to accommodate the parental leave benefit announcement by President Rosenbaum on November 17, 2022.

Graduate Tuition Remission Rates: In FY2023, the Graduate Tuition Remission Rate will be 64.0% for federal awards, and for non-federal funds that provide at least 20% effective overhead. In FY2024, the Graduate Tuition Remission Rate will be 49.0% for federal awards; it will be 57% for non-federal funds that provide effective overhead of 20% or higher. The Institute expects to increase the FY2024 tuition remission rates by roughly 3 percentage points per year until they return to FY2023 levels. Therefore, it is recommended that Principal Investigators escalate FY2024 tuition remission rates by 3.0% in proposal budgets that project out beyond FY2024. Non-federal funds and endowment payouts that provide less than 20% effective overhead will be subject to the tuition remission rates shown in the above table.

Overhead on non-federal funds and endowment payouts: The minimum overhead rate (20.0% of Total Costs; the equivalent of 25.0% on Total Direct Costs) applies to all new non-federal funds and annual endowment payouts. Non-federal funds and endowment payouts that provide total gross funding of \$350,000 or more per year will be subject to the overhead rates shown in the above table.

### **Use of the Off-Campus F&A Rate**

The Off-Campus F&A Rate may be 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 both on- and off-campus F&A rates. Such situations should be anticipated at the proposal stage and discussed with Sponsored Research prior to inclusion in the proposal. Exceptions to these principles for use of the off-campus rate must be approved by the Provost prior to submission of a proposal.

Please contact David Mayo ([david.mayo@caltech.edu](mailto:david.mayo@caltech.edu); x6219) in the Office of Sponsored Research if you have questions regarding the applicability of these rates to federal awards. For questions about overhead on non-federal funds, please contact the individual within Fund Accounting or Sponsored Research assigned to your division.