




June 23, 2015

MEMORANDUM

TO: Vice Presidents
Chancellors

FROM: Vassilis L. Syrmos 
Vice President for Research and Innovation

SUBJECT: **F&A RATE ON FEDERAL FUNDS ON PASS-THROUGH AWARDS FROM STATE OF HAWAI'I AND LOCAL CITY AND COUNTY GOVERNMENT SPONSORS**

In accordance with 2 CFR §200.414(c) (Uniform Guidance), the Federally negotiated Facilities and Administrative (F&A) rates must be accepted by awarding agencies for all Federal funds, including Federal pass-through awards, unless the rate is limited by Federal statute or regulation, or when approved by a Federal agency head or delegate. However, the University of Hawai'i (UH), as a sub-recipient of an award, may elect to forego the full Federally negotiated rate through the institutional internal IDC waiver process.

While full recovery of the allowed UH F&A rate on an award is still preferred, UH administration understands that the application of the full Federally negotiated F&A rates on pass-through Federal funds from State and Local government awards represents a challenge. After consulting with the members of the Board of Regents, President, Vice Presidents and Chancellors to simplify the process, UH will accept the following F&A rates based on modified total direct costs (MTDC – see below) for the applicable fiscal year on new proposals submitted on or after July 1, 2015 for Federal pass-through awards from State and/or Local governments:

FY 2016	13%
FY 2017	16%
FY 2018	19%
FY 2019	22%
FY 2020	25%

At the end of the five-year period June 30, 2021, the rates will be reassessed.

Please note the following:

- The awarded F&A rate on any existing awards will continue to be applied as awarded until the end of the project.

- If the project wants to use the full Federal negotiated UH F&A rates, it is still acceptable.
- Waiver approval is not required if the above rates (based on MTDC) for the applicable fiscal year are used in lieu of the Federal negotiated rate. However, a waiver request is required if a rate lower than the above rates are proposed.
- If the award period spans multiple fiscal years, the applicable F&A rate for that fiscal year would apply.
- A single rate is applicable for each fiscal year and will be applied to all type of awards (research, instruction and training, other sponsored activities, on and off campus, Kaka'ako and non-Kaka'ako awards).
- Exceptions to the rates specified in this memo may be made to comply with Federal agency requirements that limit F&A rates for funding passed through the State to the University. A waiver is not required if the F&A limitation is documented by statute, regulation, policy statement or the request for proposal. Letters from sponsors that cannot be verified from the aforementioned sources will require waiver approval.

Also to note is that this memorandum is applicable only to Federal funds on Federal pass-through awards from State of Hawai'i and Local city and county government awards. The 10% rate will continue to apply to projects funded with State funds.

MTDC: 2 CFR §200.68 defines the MTDC as follows:

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes:

- Equipment
- Capital expenditures
- Charges for patient care
- Rental costs
- Tuition remission
- Scholarships and fellowships
- Participant support costs
- Portion of each subaward in excess of \$25,000

c: Board of Regents
David Lassner, President
Yaa-Yin Fong, Director, ORS