

MEMORANDUM

TO: All UMCES Faculty and Staff

FROM: Donald F. Boesch

SUBJECT: New Facilities and Administration (F&A) Rate

DATE: December 5, 2008

The Facilities and Administrative Costs Rate Agreement (also known as the indirect cost rate agreement) between UMCES and the Department of Health and Human Services (DHHS), expired June 30, 2008. At such time our rate became provisional while negotiations on the new rate agreement began. Those negotiations have now been completed and we have a new F&A Cost Rate Agreement, officially dated October 21, 2008 with the following results:

1. Effective July 1, 2008-June 30, 2009 the On-Campus rate is 49%*MTDC
2. Effective July 1, 2009-June 30, 2012 the On-Campus rate is 50.5%*MTDC.
3. Effective July 1, 2008-June 30, 2012 the Off-Campus rate is 26%*MTDC.

*Modified total direct costs (MTDC) are the defined base of expenses to which the rate is applied. Those costs include all direct costs except:

- equipment (each item costing \$5k or more with useful life of one year or more);
- tuition remission;
- rental of off-site facilities;
- capital expenditures (includes alterations and renovations);
- scholarships and fellowships;
- the portion of each subgrant and subcontract in excess of \$25,000;
- UMCES research vessel operations.

This does not mean that all sponsored projects will automatically be charged with the new F&A rate as of July 1, 2008. Guidelines for the implementation and application of the new Federal and new State rates follow this memorandum.

This memorandum, the implementation information and a copy of the Rate Agreement will be posted to the MyUMCES website. Questions regarding the implementation may be directed to Erica Kropp, Director of ORAA at 410-221-2015 ekropp@umces.edu or, Phyllis Rhoades, ORAA Contract Manager at 410-221-2014, rhoades@umces.edu.

IMPLEMENTATION AND APPLICATION
New UMCES Facilities & Administration (F&A) Rate
December, 2008

New Proposals or Renewals

All proposals received by the Office of Administration and Advancement (ORAA) on or after **January 1, 2009** must budget for the new F&A rates:

- Proposals with a start date before July 1, 2009 are to carry the on-campus rate of 49% MTDC.
- Proposals with a start date on or after July 1, 2009 are to carry the on-campus rate of 50.5% MTDC.
- Multi-year proposals with the first year start date before July 1, 2009 would carry the 49%MTDC rate for the first year and then the 50.5%MTDC for the second year on.

State of Maryland Rate

Also effective January 1, 2009, proposals to State of Maryland agencies are now to budget F&A costs at the revised rate of 39% MTDC for on-campus activities. The off-campus rate is 26% MTDC.

Existing Awards

Grants, contracts and other agreements currently in effect will continue with the existing F&A rate and base as set up in our accounts for the duration of the award.

New Awards

Awards based on pending proposals normally incorporate the proposed budgets. New awards that are made six months from now that are based on proposals signed off at the 47.5% rate will be set up at that rate and will be charged the F&A rate and base stipulated in the award agreement from the initial budget period through the project period awarded. For example, NSF awards often project a three-year grant based on a three-year proposal, but only fund one year at a time. As the funding level for all three years is based on the initial proposal, all three years would carry the rate in the approved proposal.

Subawards

The first \$25,000 of each subgrant or subcontract is assessed the on-campus F&A rate. Per Federal regulations (OMB Circular A-110) the terms “subgrant” and “subcontract” refer to awards for a substantive portion of the work of a sponsored project. This covers research efforts involving collaborative or substantive contribution to the research. This does not include procurement of goods and services, such as analytical services and logistical support, which would be handled as procurements and carry full F&A.

Off-Campus Definition

Off-campus activity is defined as those activities that take place in facilities not owned by UMCES **and** to which rent is directly allocated to the project(s). Projects will not be apportioned between on- and off-campus rates. If more than 50% of a project is performed off-campus, then the off-campus rate should be budgeted for the entire project. Conversely, if less than 50% is performed off-campus, the on-campus rate is to be applied. Justification for use of other than the on-campus rate should be included in the proposal’s budget justification.

Waivers

Consistent with existing UMCES policies and procedures, the waiver of any part of the F&A recovery must route through ORAA to be approved by the President of UMCES. Requests for waivers are to include a written justification, a budget, and the endorsement of the Laboratory Director.

Some sponsors, particularly foundations, and certain federal programs have specific written policies that preclude the use of the full F&A rate and/or base. The rate or administrative fee allowed by the sponsor may be used in these cases in proposal budgets without requesting a waiver. Documentation from the sponsor must be provided to ORAA. See also UMCES F&A Policy which can be found at:

<http://www.umces.edu/information/VIII-10.40policies.html>