



UNIVERSITY OF MARYLAND

OFFICE OF THE PRESIDENT

Main Administration Building
College Park, Maryland 20742
301.405.5803 TEL 301.314.9560 FAX

June 29, 2011

MEMORANDUM

TO: Vice Presidents, Deans, Directors, Department Chairs,
College and Department Business Officers

FROM: Michele A. Eastman, Assistant President and Chief of Staff

A handwritten signature in black ink, appearing to read "M. Eastman".

SUBJECT: New Facilities and Administrative (F & A) Rates

The Facilities and Administrative Cost Rate Agreement (formerly known as the Indirect Cost Rate Agreement) between the University and the Department of Health and Human Services expired June 30, 2010. The University has been negotiating a new rate agreement, which has now been concluded with the following results:

1. The previously agreed upon facilities and administrative cost rates for **research and instruction** on-campus has been extended at 50% until June 30, 2011.
2. Effective July 1, 2011 the facilities and administrative cost rate for on-campus **research** will be 52%.
3. There are two types of off-campus rates applicable to **research** projects conducted in facilities not owned by the University. An off-campus "remote" rate of 26% MTDC will be for activities performed outside the commuting area of College Park. An off-campus "adjacent" rate of 27.5% MTDC will be for activities performed within the commuting area (50 miles) of College Park. For projects that are not research, there remains a single off-campus rate of 26% MTDC.
4. Effective July 1, 2011 the Facilities and Administrative cost rate for **instructional** projects will be 56% on campus and 26% off-campus.
5. Effective July 1, 2011 the facilities and administrative cost rate for those activities that meet the criteria for "**Other** Sponsored Programs," e.g., service projects that do NOT include research and instruction components, will have an on-campus rate of 38.5% and off-campus rate of 26%.
6. Included for the first time in the new agreement is an Interagency Personnel Agreements (IPA) rate of 10%.
7. All rates are pre-determined through June 30, 2015 and become provisional as of July 1, 2015 until the agreement is amended.

To summarize:

Starting July 1, 2011 until amended, the Facilities and Administrative Rates for the campus will be:

	<u>On-Campus</u>	<u>Off-Campus Remote</u>	<u>Off Campus Adjacent</u>
Research	52%	26%	27.5%
Instruction	56%	26%	26%
Other Sponsored Programs	38.5%	26%	26%
IPA	10%	10%	10%

All rates above apply to a Modified Total Direct Costs (MTDC) base which, as defined in the agreement, excludes:

- Individual items of equipment in excess of \$5,000;
- Capital expenditures (includes alterations and renovations);
- Tuition remission;
- Rental costs of off-campus facilities;
- The portion of individual sub-grants and subcontracts over \$25,000; and
- Scholarship and fellowship stipends.

In addition, we will continue the UMCP waiver on individual items of computer equipment in excess of \$1,000.

Guidelines for implementation of the terms of the new agreement follow as an attachment to this memorandum. This memorandum and copy of the DHHS Rate Agreement, officially dated June 07, 2011, can be found at http://www.umresearch.umd.edu/ORAA/memos_policy/#F&AMEMO If you have questions, please contact Denise Clark, AVP of ORAA at (301) 405-4282, or at djclark@umd.edu.

cc: Julie Phelps, Assistant Vice President Administrative Affairs
Frank Carpenter, Comptroller
Denise Clark, Assistant Vice President for Research Administration and Advancement
Edward Waskiewicz, Associate Comptroller

**IMPLEMENTATION OF FACILITIES AND ADMINISTRATIVE COSTS RATE
AGREEMENT
June 2011**

Existing Awards

Grants, contracts and other agreements currently in effect will continue with the existing facilities and administrative costs rate and MTDC base for the duration of the award.

New Awards

New awards will be charged the facilities and administrative cost rate and MTDC 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, all three years will carry the rate in the approved proposal. Subsequent renewal or continuation periods will be assessed the new rate and MTDC base in effect at that time.

Proposals

All proposals received by ORAA must budget the new facilities and administrative cost rate for budget periods beginning July 1, 2011.

Sub-agreements

The first \$25,000 of each sub-grant and subcontract will be assessed the same facilities and administrative cost rate applied to the project as a whole.

Off-Campus, Remote

An off-campus project is defined as one which, for three or more continuous months, does not make use of facilities or space supported by UM.

Projects are designated as on-campus unless 25% or more of the direct costs of the project meet the off campus definition. In cases where a single project has a mix of on-and off-campus costs, separate accounts will be created for the on- and off-campus portions. Justification for use of other than the on-campus rate should be included in the proposal's budget explanation. The off-campus site is to be provided on the UMCP internal Routing Form for Proposals, item 17.b.

Off-Campus, Adjacent

An adjacent project is one that meets the criteria for an off-campus project and is within commuting distance (50 miles) from College Park. This rate is applicable only to research projects.

Equipment

Equipment is defined as an article of non-expendable, tangible property having a useful life of more than one year and an acquisition cost of \$5,000 or more.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

7700 Wisconsin Avenue, Suite 2300
Bethesda, MD 20814
Phone: 301-492-4855
Fax: 301-492-5081

June 7, 2011

Mr. Edward C. Waskiewicz
Associate Comptroller
University of Maryland, College Park
4100 Chesapeake Building
College Park, MD 20742-3135

Dear Mr. Waskiewicz:

The original and one copy of this facilities and administrative (F&A) cost Rate Agreement are enclosed. This Agreement reflects an understanding reached between your organization and the Division of Cost Allocation concerning the rate(s) that may be used to support your claim for F&A costs on grants and contracts with the Federal Government.

Please have the original signed by an authorized representative of your organization and return it to me, retaining a copy for your files. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

The Office of Management and Budget (OMB) has requested that we reach an agreement with each institution on the components of the published F&A rates. The attached form is provided for that purpose. Please sign the form and fax it with the original Rate Agreement.

A facilities and administrative cost rate proposal, together with the supporting information, are required to substantiate your claim for indirect costs under grants and contracts awarded by the Federal Government. Thus, your next proposal based on actual costs for the fiscal year ending 06/30/14, will be due in our office by 12/31/14.

Sincerely,

A handwritten signature in black ink that reads "Darryl W. Mayes".

Darryl W. Mayes

Director

Division of Cost Allocation

PLEASE SIGN AND RETURN THE ORIGINAL OF THE RATE AGREEMENT

ORIGINAL

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 15-20710851

DATE:06/07/2011

ORGANIZATION:

FILING REF.: The preceding agreement was dated 07/09/2009

University of Maryland - College Park
1132 Main Administration Building
College Park, MD 20742-5035

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: INDIRECT COST RATES

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

EFFECTIVE PERIOD

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	07/01/2010	06/30/2011	50.00	On-Campus	Organized Research
PRED.	07/01/2011	06/30/2015	52.00	On-Campus	Organized Research
PRED.	07/01/2010	06/30/2015	26.00	Off-Campus (A)	Organized Research
PRED.	07/01/2010	06/30/2015	27.50	Off-Campus (B)	Organized Research
PRED.	07/01/2010	06/30/2011	50.00	On-Campus	Instruction
PRED.	07/01/2011	06/30/2015	56.00	On-Campus	Instruction
PRED.	07/01/2010	06/30/2015	26.00	Off-Campus (A)	Instruction
PRED.	07/01/2010	06/30/2015	38.50	On-Campus	Other Spons Activities
PRED.	07/01/2010	06/30/2015	26.00	Off-Campus (A)	Other Spons Activities
PRED.	07/01/2010	06/30/2015	10.00	Off-Campus (A) & (B)	IPA*

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%) LOCATION</u>	<u>APPLICABLE TO</u>
PROV.	07/01/2015	Until Amended		Use same rates and conditions as those cited for fiscal year ending June 30, 2015.

*BASE

Total direct costs excluding capital expenditures (buildings, individual items of equipment; alterations and renovations), that portion of each subaward in excess of \$25,000; hospitalization and other fees associated with patient care whether the services are obtained from an owned, related or third party hospital or other medical facility; rental/maintenance of off-site activities; student tuition remission and student support costs (e.g., student aid, stipends, dependency allowances, scholarships, fellowships).

(A) Off-Campus, Remote - Activities performed outside commuting area of College Park, Maryland.

(B) Off-Campus, Adjacent - Activities performed within commuting area of College Park, Maryland.

IPA* - Intergovernmental Personnel Act Agreements

ORGANIZATION: University of Maryland - College Park

AGREEMENT DATE: 06/07/2011

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

The fringe benefits are specifically identified to each employee and are charged individually as direct costs. The directly claimed fringe benefits are listed below.

TREATMENT OF PAID ABSENCES

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims are not made for the cost of these paid absences.

OFF-SITE DEFINITION: For all activities performed in facilities not owned by the organization and to which rent is directly allocated to the project(s), the off-site rate will apply. Projects partially performed off-site are apportioned between their on-site/off-site components when projects activity is conducted off-site for at least three consecutive months.

Fringe Benefits Include: FICA, Retirement, Tuition Remission, Vision Care, TIAA/CREF, Unemployment Insurance and Health Insurance.

Equipment means an article of nonexpendable tangible personal property having a useful life of more than one year, and an acquisition cost of \$5,000 or more per unit.

The RESEARCH base includes University expenditures related to grants and contracts conducted at the following facilities: Agricultural Experiment Station, Cooperative Extension Service.

Effective 07/01/10, the RESEARCH base no longer includes grants and contracts conducted by the University of Maryland Biotechnology Institute (UMBI). The Center for Advanced Research in Biotechnology (CARB) is now the Institute for Bioscience and Biotechnology Research (IBBR) and is a department of the University of Maryland - College Park.

ORGANIZATION: University of Maryland - College Park

AGREEMENT DATE: 06/07/2011

SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its facilities and administrative cost pools as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as facilities and administrative costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-21 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

E. OTHER:

If any Federal contract, grant or other agreement is reimbursing facilities and administrative costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of facilities and administrative costs allocable to these programs.

BY THE INSTITUTION:

University of Maryland - College Park

(INSTITUTION)

(SIGNATURE)

Wallace D. Loh

(NAME)

President

(TITLE)

6/29/2011

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

(SIGNATURE)

Darryl W. Mayes

(NAME)

Director, Mid-Atlantic Field Office

(TITLE)

6/7/2011

(DATE) 0445

HHS REPRESENTATIVE:

Steven Zuraf

Telephone:

(301) 492-4855

COMPONENTS OF PUBLISHED FACILITIES AND ADMINISTRATIVE COST RATE

University of Maryland, College Park

Institution:

FY Covered by Rates:

July 1, 2010 thru June 30, 2015

Type of Rate:

RATE COMPONENTS:	Organized Research			OFF Adjacent FY '11 - '15	Instruction		Other Spons Act	
	ON FY '11	ON FY '12 - '15	OFF FY '11 - '15		ON FY '12 - '15	OFF FY '11 - '15	ON FY '11 - '15	OFF FY '11 - '15
Building - Depr/Use Allow	2.5	3.5				1.5		
Equipment - Depr/Use Allow	3.0	2.0				1.0		
Interest	2.0	1.0				0.5		
Operations & Maintenance	15.0	18.0		16.0		8.0		
Library	1.5	1.5	1.5	8.5		1.5		
Administrative Component	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>		<u>26.0</u>	<u>26.0</u>	
Total	50.0	52.0	27.5	56.0		38.5	26.0	

CONCURRENCE:



Signature

Wallace D. Loh

Name

President

Title

6/29/2011

Date