

April 6, 2007

MEMORANDUM

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

FROM: Ann G. Wylie, Assistant President and Chief of Staff

SUBJECT: New Facilities and Administration (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, 2004. 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 on-campus **research** and **instruction** has been extended at 48.5% until June 30, 2007.
2. Effective July 1, 2007 the facilities and administrative cost rates for **research** and **instruction** will be 50% on campus.
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, 2007, the facilities and administrative cost rates 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%.
5. All rates are pre-determined through June 30, 2010, and become provisional as of July 1, 2010, until the agreement is amended.

To summarize:

a. July 1, 2004 - June 30, 2007

	<u>On-Campus</u>	<u>Off-Campus Remote</u>	<u>Off Campus Adjacent</u>
Research	48.5%	26%	27.5%
Instruction	48.5%	26%	26%
Other Sponsored Programs (service projects)	37%	26%	26%

b. July 1, 2007 until amended:

	<u>On-Campus</u>	<u>Off-Campus Remote</u>	<u>Off Campus Adjacent</u>
Research	50%	26%	27.5%
Instruction	50%	26%	26%
Other Sponsored Programs	38.5%	26%	26%

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 subgrants and subcontracts over \$25,000;
- Scholarship and fellowship stipends.

In addition, we 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 March 2, 2007, can be found at http://www.umresearch.umd.edu/ORAA/memos_policy/#F&AMEMO. If you have any questions, please contact Alexandra McKeown, AVP of ORAA at (301) 405-6266 or at amckeown@umd.edu

cc: Julie Phelps, Assistant Vice President Administrative Affairs
Lynn Rehn, Comptroller
Alexandra McKeown, Assistant Vice President for Research Administration
and Advancement
Edward Waskiewicz, Associate Comptroller

IMPLEMENTATION OF FACILITIES AND ADMINISTRATIVE COSTS RATE AGREEMENT

April 2007

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, 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 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, 2007

Subagreements

The first \$25,000 of each subgrant 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.