Application of Facilities & Administrative Costs (F&A) Rates to Sponsored Projects

F&A cost rates are applicable to all sponsored projects, i.e. grants, contracts, cooperative agreements, subgrants and subcontracts funded by Federal, state or private sponsors. The application of these rates allows UMD to recover certain costs (e.g. facilities, utilities, libraries, administration, student services, etc.) associated with externally funded activities that, although they are true costs that are incurred, cannot be identified specifically with a particular project or activity. The Federal Government determines the rate that is necessary to collect these costs from sponsored awards. Therefore, any reduction in the allowable rate is considered cost sharing, and UMD must recover those costs from other sources.

How to Determine F&A Rates:

Step 1: Sponsor Program Guidelines
The first step in determining the appropriate F&A rate is to read the sponsor program guidelines. If there is a limitation on F&A, the program guidelines or announcement will list the rate that should be used. If the guidelines do not mention F&A or do not indicate that something other than the applicable Federal approved F&A rate should be used, than the federally approved rate should be used.

Step 2: Identify Award Type for Your Project
The next step in determining the appropriate rate is to establish what type of project you have.
  • Organized Research;
  • Instruction and Training;
  • Other Sponsored Activities: or
  • Intergovernmental Personnel Act Agreements.

Types of Awards:

A) Organized Research
Organized Research is described as all research and development activities that are sponsored by Federal and non-Federal agencies and organizations.

Examples of sponsored research include:
  • Awards to UMD faculty to support research activities
  • External funding to maintain facilities or equipment and/or operation of a center facility which will be used for research
  • External support for the writing of books, when the purpose of the writing is to publish research results
  • Data collection, evaluation, analysis and/or reporting

B) Instruction and Training
Sponsored Instruction is defined as teaching and training activities at UMD funded by grants, cooperative agreements and contracts from Federal or non-Federal sponsors.

Sponsored Instruction includes:
- Any project for which the purpose is to instruct any student at any location; recipients of his/her instruction may be UMD students or staff, teachers or students in elementary or secondary schools, or the general public
- Curriculum development projects at any level, including projects which involve evaluation of curriculum or teaching methods. Note that such evaluation may be considered "research" when the preponderance of activity is data collection, evaluation and reporting
- Projects which involve UMD students in community service activities for which they are receiving academic credit
- Activities funded by awards to departments or schools for the support of students
- Fellowship support for pre-doctoral and post-doctoral training activities, which may include grants to fund dissertation work and travel in relation to a dissertation
- General support for the writing of textbooks or reference books, video or software to be used as instructional materials

C) Other Sponsored Activities
Other Sponsored Activities means programs and projects financed by Federal and non-Federal agencies & organizations which involve the performance of work other than Instruction and Organized Research.

Examples of Other Sponsored Activities include:
- Travel grants
- Support for conferences, seminars or workshops
- Support for University public events such as "lively arts"
- Support for University extension activities
- Support for student participation in community service projects which do not result in academic credit
- Support for projects pertaining to library collections, acquisitions, bibliographies or cataloging
- Programs to enhance institutional resources, including computer enhancements, etc.
- Health services projects

D) Intergovernmental Personnel Act Agreements (IPAs)
IPAs allow for the temporary assignment of personnel between the Federal Government and UMD to facilitate cooperation between both parties.

Step 3: On or Off Campus Rate Determination
Next, determine if your project qualifies for use of the on campus, off campus or a combination of both on and off campus rates.

An on-campus project is one in which the PI and the project activities all occur on the UMD campus or in campus-owned facilities.

An off-campus project is one in which the PI or a significant and identifiable portion of the project will be away from the PI's campus facilities (i.e. office and laboratory) for the entirety of the project and at least three consecutive months. The project personnel will be performing work in accordance with the statement of work of the sponsored project while at the off campus location.

An on/off campus project is one in which activities are occurring both on and off campus. To have an on and off campus budget, the off-campus activities must exceed 25% of the direct costs of the budget **AND** the PI or a significant and identifiable portion of the project will be away from the PI's campus facilities (i.e. office and laboratory) for a minimum of three **consecutive** months. If a project has both on and off campus components, the budget needs to be apportioned appropriately.

Currently, there are two types of off campus rates applicable to projects conducted in facilities not owned by UMD. An off campus "remote" rate at 26% Modified Total Direct Cost (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.

Off campus rates can only be used relative to the effort of a University employee. The performance of non-university personnel must be handled via a subaward to another institution or a consulting agreement. **Subawards** must include full on campus F&A on the first $25,000 of the subaward, unless an entire project is being conducted off campus. **Consulting** agreements and other procurement actions are charged the full on campus F&A rate on the entire amount of the procurement action, unless an entire project is being conducted off campus. If an entire project is being conducted off campus, then the appropriate off campus rate should be charged to subawards and procurements, including consulting agreements.

Once the project type and location are determined, the appropriate Federal approved rate should be applied. Current rates and information regarding the F&A waiver process can be found at http://www.ora.umd.edu/resources/fa

Federal rates should be used with state and private sponsors, and must be used if UMD will be a subawardee on a Federal prime award.

Questions?
Questions can be directed to your ORA contract administrator. http://www.ora.umd.edu/staff

(Updated 3/4/16)