



# DIVISION OF RESEARCH

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April 25, 2018

## MEMORANDUM

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

**FROM:** Laurie E. Locascio, Vice President for Research 

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

The Facilities and Administrative (F&A) Cost Rate Agreement (formerly known as the Indirect Cost Rate Agreement) between the University of Maryland and the U.S. Department of Health and Human Services expired June 30, 2016, and has been provisional since then. The university has negotiated a new rate agreement, the details of which are as follows:

Effective July 1, 2018, until amended, the Facilities and Administrative Rates for the campus are:

	<u>On-Campus</u>	<u>Off-Campus Remote</u>	<u>Off-Campus Adjacent</u>
Research	54.5%	26%	27.5%
Instruction	56%	26%	27.5%
Other Sponsored Activities	39.5%	26%	27.5%
IPA	10%	10%	10%
DoD Contracts	57%	28.5%	30%

### **On-campus Research**

- The previously agreed upon F&A cost rate of 52% for **on-campus research** has been extended until June 30, 2018.
- Effective July 1, 2018, the F&A cost rate for **on-campus research** will be 54.5%.

### **Off-campus Research**

- The previously agreed upon F&A cost rates for **off-campus research** have not changed. As before, there are two types of off-campus rates applicable to projects conducted in facilities not owned by the University. An off-campus "remote" rate of 26% Modified Total Direct Costs (MTDC) applies to activities performed outside the commuting area (50 miles) of College Park. An off-campus "adjacent" rate of 27.5% MTDC applies to activities performed within the commuting area (50 miles) of College Park.

### **Instructional Projects**

- The previously agreed upon F&A cost rates for **instructional projects** will remain at 56% on campus and 26% for off-campus remote or 27.5% for off-campus adjacent activities.

### **Other Sponsored Activity**

- The previously agreed upon F&A cost rate of 38.5% for **other sponsored activity** on-campus has been extended until June 30, 2018.
- Effective July 1, 2018, the F&A cost rates for those activities that meet the criteria for **other sponsored activity**, e.g., service projects that do NOT include research and instruction components, will have an on-campus rate of 39.5% and 26% for off-campus remote or 27.5% for off-campus adjacent activities.

### **Intergovernmental Personnel Agreements (IPA)**

- The **IPA** rate will remain at 10%.

### **Department of Defense (DoD) Contracts**

- Effective July 1, 2018, the F&A cost rate for **DoD contracts** for on-campus research will be 57% and 28.5% for off-campus remote or 30% for off-campus adjacent activities.

**All rates are pre-determined through June 30, 2021, and become provisional as of July 1, 2021, until the agreement is amended.**

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 subawards over \$25,000;
- Scholarship and fellowship stipends; and
- Participant support costs.

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 16, 2018, can be found at <http://www.ora.umd.edu/resources/fa>. If you have any questions regarding proposal budget preparation or implementation of the new rates please contact **your departmental Contract Administrator in ORA** <http://ora.umd.edu/staff>.

**IMPLEMENTATION OF FACILITIES AND ADMINISTRATIVE COSTS RATE  
AGREEMENT  
April 2018**

**Existing Awards**

Grants, contracts and other agreements currently in effect will continue with the existing F&A cost rate and MTDC base for the duration of the award.

**New Awards**

New awards will be charged the F&A 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 *competitive* renewal or continuation periods will be assessed the new rate and MTDC base in effect at that time.

**Existing Proposals**

Proposals that have been submitted and endorsed by ORA will continue with the existing F&A rate and MTDC base that was proposed, should they result in an award.

**New Proposals**

All proposals routed for submission on May 14, 2018 or later, must budget the new F&A cost rate for budget periods beginning July 1, 2018. Proposals in process prior to 5/14/18 are encouraged to use the new rates.

**Subawards**

The first \$25,000 of each subaward will be assessed the same F&A cost rate applied to the project as a whole.

**Off-Campus**

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 UMD.

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. In order to have an off campus account, the off campus portion must be 25% or more of the direct costs of the project and meet the off campus definition. 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 in the Organizations & Locations tab in Quali Research.

**Off-Campus, Remote**

A remote project is one that meets the criteria for an off-campus project and is outside commuting distance (50 miles) of College Park.

**Off-Campus, Adjacent**

An adjacent project is one that meets the criteria for an off-campus project and is within commuting distance (50 miles) of College Park.

**DoD Contracts Rate**

In accordance with DFARS 231.303, no limitation (unless waived by the institution) may be placed on the reimbursement of otherwise allowable indirect cost rates incurred by an institution of higher education under a DOD contract awarded on or after November 30, 1993, unless the

same limitation is applied uniformly to all other organizations performing similar work. Accordingly, these rates do not reflect the application of the 26% limitation on administrative indirect costs imposed by 2 CFR 200.

Additional information on the application of F&A rates to sponsored projects can be found here <http://ora.umd.edu/sites/default/files/documents/um-resources/fa/application-of-fa.pdf>.