



# DIVISION OF RESEARCH

OFFICE OF THE VICE PRESIDENT FOR RESEARCH

2133 Lee Building  
College Park, Maryland 20742-5125  
301.405.4175 TEL 301.405.8386 FAX

July 18, 2022

## MEMORANDUM

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

**FROM:** Dr. Gregory F. Ball, 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, 2022, and has been provisional since then. The University has negotiated a new rate agreement, the details of which are as follows:

Effective July 1, 2022, through June 30, 2023, the Facilities and Administrative Rates for the campus are:

	<u>On-Campus</u>	<u>Off-Campus Remote</u>	<u>Off-Campus Adjacent</u>
Research	55%	26%	27.5%
Instruction	53%	26%	27.5%
Other Sponsored Activities	40%	26%	27.5%
IPA	11%	11%	11%
DoD	57.5%	29%	30.5%

Effective **July 1, 2023** 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	56%	26%	27.5%
Instruction	53%	26%	27.5%
Other Sponsored Activities	40%	26%	27.5%
IPA	11%	11%	11%
DoD Contracts	58.5%	30%	31.5%

### **On-campus Research**

- Effective July 1, 2022, until June 30, 2023, the F&A cost rate for **on-campus research** will be 55%.
- Effective July 1, 2023, until amended, the F&A cost rate for **on-campus research** will be 56%.

## **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**

- Effective July 1, 2022, until amended, the F&A cost rate for **instructional projects** will be 53%. And the previously agreed upon off-campus rates will remain at 26% for off-campus remote or 27.5% for adjacent off-campus activities.

## **Other Sponsored Activity**

- Effective July 1, 2022, until amended, 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 40% and 26% for off-campus remote or 27.5% for off-campus adjacent activities.

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

- Effective July 1, 2022, until amended, the IPA rate will be 11%.

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

- Effective July 1, 2022, until June 30, 2023, the F&A cost rate for **DoD contracts** for on-campus research will be 57.5% and 29% for off-campus remote or 30.5% for off-campus adjacent activities.
- Effective July 1, 2023, until amended, the F&A cost rate for **DoD contracts** for on-campus research will be 58.5% and 30% for off-campus remote or 31.5% for off-campus adjacent activities.

**All rates are pre-determined and become provisional as of July 1, 2026, 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.
- Scholarship and fellowship stipends.
- Participant support costs.
- The portion of individual subawards over \$25,000.

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 23, 2022, 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  
July 2022**

**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 applicable to the budget period 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 use the approved rate in effect for each project year. Subsequent *competitive* renewal or continuation periods will be assessed the new rate and MTDC base in effect at that time.

**Existing Proposals**

Proposals 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 August 1, 2022, or later, must budget the new F&A cost rate for budget periods after July 1, 2022.

**Subawards**

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

**Off-Campus**

An off-campus project is defined as one that, for three or more continuous months, does not use facilities or space supported by UMD and 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. To have an off-campus account designation, the off-campus portion must be 25% or more of the project's direct costs and meet the off-campus definition. Justification for the 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 is currently being updated and can be found here <https://ora.umd.edu/resources/fa>