

# M E M O R A N D U M

DATE: October 31, 2016  
 TO: The UMBC Community  
 FROM: Dr. Karl V. Steiner, Vice President for Research  
 Ben Lowenthal, Associate Vice President, Financial Services  
 SUBJECT: FY2017 through FY2020 Facilities and Administration (F&A) Rate

Every few years UMBC negotiates a Facilities and Administrative Costs Rate Agreement (also known as the indirect cost rate agreement) with our cognizant federal agency, the Department of Health and Human Services (DHHS). The first part of the process is for us to compute the actual costs to UMBC to support sponsored activity both on and off campus. The resulting computations are as follows:

Applicable To:	On-Campus Rate (%)	Off-Campus Rate (%)
Organized Research	63.69	29.41
Instruction	81.31	52.19
Other Sponsored Activity	28.48	21.91

UMBC then enters into discussion with DHHS, which typically leads to negotiated rates that are less than the computed rates, as was the case this time. Our previous F&A Costs Rate Agreement expired on June 30, 2015. At that time our rate became provisional while negotiations on the new rate agreement continued. Those negotiations have now been completed and we have a new F&A Costs Rate Agreement, officially signed and dated September 30, 2016 with the following results:

Applicable To:	From Date:	To Date:	On-Campus Rate (%)	Off-Campus Rate (%)
Organized Research	07/01/2016	06/30/2017	52.00	26.00
Organized Research	07/01/2017	06/30/2019	52.50	26.00
Organized Research	07/01/2019	06/30/2020	53.00	26.00
Instruction	07/01/2016	06/30/2020	55.00	26.00
Other Sponsored Activity	07/01/2016	06/30/2020	28.00	22.00

The prior rate agreement provided an on-campus organized research rate of 50.5% and an on-campus instruction rate of 57% with all other factors the same as presented above. The 1.5 – 2.5% increase in the organized research on-campus rate over the agreement time frame will provide much needed additional dollars to the University in support of our research portfolio and infrastructure.

All of the above rates are based upon Modified Total Direct Costs (MTDC), which are the defined base of expenses to which the rate is applied. Those costs include all direct costs EXCEPT:

- Equipment (each item costing \$5,000 or more with useful life of one year or more);
- Participant support costs;
- Tuition remission;
- Rental of off-site facilities;
- Capital expenditures (includes alterations and renovations);
- Scholarships and fellowships;
- The portion of each subaward in excess of \$25,000.

Guidelines for the implementation and application of the new F&A rates are attached to this Memorandum.

This Memorandum, the implementation information and a copy of the Rate Agreement will be posted on both the Office of Contract & Grant Accounting and the Office of Sponsored Programs websites.

Questions regarding the implementation may be directed to Tammy Ray, Director of Cost Accounting and Analysis ([tross@umbc.edu](mailto:tross@umbc.edu)) or within OSP please contact the OSP contact person responsible for your unit. All of the OSP contact information can be found at <http://research.umbc.edu/osp-responsibilities/>.

IMPLEMENTATION AND APPLICATION  
UMBC FY2017 through FY2020 Facilities & Administration (F&A) Rates  
October 31, 2016

**New, Competing Renewals, and Supplemental Proposals:** The applicable new F&A rates must be used on all proposals received by the Office of Sponsored Programs (OSP) on or after **January 1, 2017**. Any proposal for a competitive segment (i.e. a proposal for a new set of years not previously included in an award document, usually three or five years) of a multi-year project or any proposal which, if successful, will result in a new grant, cooperative agreement, or contract issued by the sponsor will incorporate the new rates. Please note the system calculates F&A by project based upon the assigned F&A rate. In order to accurately calculate F&A and to track which direct expenses are the basis for the F&A calculation, it is necessary to create separate project numbers within PeopleSoft when multiple F&A rates are applied to an award.

Since a supplemental proposal requests additional funding for a current project, at OSP's discretion, they will work with the sponsoring agencies to request the new F&A rate, but will allow the original rate if the sponsor does not award additional funds to cover the new rate.

**Pending Proposals:** If a proposal submitted using the previous rate is awarded, at OSP's discretion, they will work with the sponsoring agencies to request the new F&A rate at the time of the award whenever possible, but will allow the originally proposed rate if the sponsor does not award additional funds to cover the new rate. The F&A rate provided by the approved award will be applied to pre-award expenses.

**Current Awards and Non-Competing Continuations:** Currently active awards will maintain their awarded rate until the award enters a competitive cycle. At OSP's discretion, they will work with the sponsoring agencies to request the new F&A rate, but will allow the original rate if the sponsor does not award additional funds to cover the new rate. When an award allows carryover, carryover expenses should be processed under the original project and the original F&A rate will be applied to these expenses.

**Waivers**

Consistent with existing UMBC policies and procedures, the waiver of any part of the F&A recovery must route through the Office of Sponsored Programs for approval.

UMBC Policy UMBC IV-2.00.01 - UMBC Consistent Application of Facility and Administrative (F&A) Costs can be accessed at: (<http://www.umbc.edu/policies>)