MEMORANDUM

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

FROM: Michele A. Eastman, Assistant President and Chief of Staff

SUBJECT: New Facilities and Administrative (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, 2010. 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 research and instruction on-campus has been extended at 50% until June 30, 2011.

2. Effective July 1, 2011 the facilities and administrative cost rate for on-campus research will be 52%.

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, 2011 the Facilities and Administrative cost rate for instructional projects will be 56% on campus and 26% off-campus.

5. Effective July 1, 2011 the facilities and administrative cost rate 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% and off-campus rate of 26%.

6. Included for the first time in the new agreement is an Interagency Personnel Agreements (IPA) rate of 10%.

7. All rates are pre-determined through June 30, 2015 and become provisional as of July 1, 2015 until the agreement is amended.
To summarize:

Starting July 1, 2011 until amended, the Facilities and Administrative Rates for the campus will be:

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<th>On-Campus</th>
<th>Off-Campus Remote</th>
<th>Off Campus Adjacent</th>
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</thead>
<tbody>
<tr>
<td>Research</td>
<td>52%</td>
<td>26%</td>
<td>27.5%</td>
</tr>
<tr>
<td>Instruction</td>
<td>56%</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td>Other Sponsored Programs</td>
<td>38.5%</td>
<td>26%</td>
<td>26%</td>
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<tr>
<td>IPA</td>
<td>10%</td>
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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 sub-grants and subcontracts over $25,000; and
- Scholarship and fellowship stipends.

In addition, we will 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 June 07, 2011, can be found at [http://www.umresearch.umd.edu/ORAA/memos_policy/#F&AMEMO](http://www.umresearch.umd.edu/ORAA/memos_policy/#F&AMEMO)

If you have questions, please contact Denise Clark, AVP of ORAA at (301) 405-4282, or at djclark@umd.edu.

cc: Julie Phelps, Assistant Vice President Administrative Affairs  
Frank Carpenter, Comptroller  
Denise Clark, Assistant Vice President for Research Administration and Advancement  
Edward Waskiewicz, Associate Comptroller
IMPLEMENTATION OF FACILITIES AND ADMINISTRATIVE COSTS RATE AGREEMENT
June 2011

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, 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, 2011.

Sub-agreements
The first $25,000 of each sub-grant 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.