

April 6, 2007

MEMORANDUM

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

FROM: Ann G. Wylie, Assistant President and Chief of Staff

SUBJECT: New Facilities and Administration (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, 2004. 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 on-campus **research** and **instruction** has been extended at 48.5% until June 30, 2007.
2. Effective July 1, 2007 the facilities and administrative cost rates for **research** and **instruction** will be 50% on campus.
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, 2007, the facilities and administrative cost rates 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%.
5. All rates are pre-determined through June 30, 2010, and become provisional as of July 1, 2010, until the agreement is amended.

To summarize:

a. July 1, 2004 - June 30, 2007

	<u>On-Campus</u>	<u>Off-Campus Remote</u>	<u>Off Campus Adjacent</u>
Research	48.5%	26%	27.5%
Instruction	48.5%	26%	26%
Other Sponsored Programs (service projects)	37%	26%	26%

b. July 1, 2007 until amended:

	<u>On-Campus</u>	<u>Off-Campus Remote</u>	<u>Off Campus Adjacent</u>
Research	50%	26%	27.5%
Instruction	50%	26%	26%
Other Sponsored Programs	38.5%	26%	26%

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 subgrants and subcontracts over \$25,000;
- Scholarship and fellowship stipends.

In addition, we 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 March 2, 2007, can be found at http://www.umresearch.umd.edu/ORAA/memos_policy/#F&AMEMO. If you have any questions, please contact Alexandra McKeown, AVP of ORAA at (301) 405-6266 or at amckeown@umd.edu

cc: Julie Phelps, Assistant Vice President Administrative Affairs
Lynn Rehn, Comptroller
Alexandra McKeown, Assistant Vice President for Research Administration
and Advancement
Edward Waskiewicz, Associate Comptroller