



Sponsored Projects Accounting

TO: Business Managers, Departmental Administrators and Assistants

FROM: Joseph M. Gindhart, Director

DATE: August 2006

SUBJECT: Federal Facilities and Administrative Rates – Policies and Procedures

The University has received an extension to the current facilities and administrative (F&A) rates from our Federal cognizant agency, the Department of Health and Human Services (actual document available at <http://www.spa.wustl.edu/adminpol/FA060706.pdf>). The new rate agreement is dated June 7, 2006 and it extends the rates until 6/30/2010 (see blue text). This document supersedes the rate agreement dated 7/29/2005. Competitive and non-competing renewal awards issued on or before 6/30/2004 will retain the rates in effect at the time the awards were made (see page three). The Policies and Procedures noted below supersede the previous version of this document, dated 10/05/2005.

Our F&A rates are calculated under the guidelines provided in OMB Circular A-21, Cost Principles for Institutions of Higher Education. These rates should be applied to all grants, contracts and cooperative agreements issued by Federal agencies, including Federal pass-through funding. Per our most recent negotiated F&A rate agreement, the following rates are effective, under the modified total direct cost (MTDC) basis:

Rate Type	Effective Period	Rate	Location	Applicable To
Final	7/1/04 – 6/30/05	53.0	On-Campus	Organized Research
Final	7/1/04 – 6/30/05	53.0	On-Campus	Instruction
Final	7/1/04 – 6/30/05	30.0	On-Campus	Other Spon. Activities
Final	7/1/04 – 6/30/05	26.0	Off-Campus	Organized Research
Predetermined	7/1/05 – 6/30/06	53.0	On-Campus	Organized Research
Predetermined	7/1/06 – 6/30/07	52.5	On-Campus	Organized Research
Predetermined	7/1/07 – 6/30/10	52.0	On-Campus	Organized Research
Predetermined	7/1/05 – 6/30/06	53.0	On-Campus	Instruction
Predetermined	7/1/06 – 6/30/10	44.0	On-Campus	Instruction
Predetermined	7/1/05 – 6/30/06	30.0	On-Campus	Other Spon. Activities
Predetermined	7/1/06 – 6/30/10	35.0	On-Campus	Other Spon. Activities
Predetermined	7/1/05 – 6/30/10	26.0	Off-Campus	All Programs
Provisional	7/1/10 Until Amended	Use same rates and conditions as those cited for fiscal year ending June 30, 2010.		

Definitions:

Final: The final rate(s) for all awards issued during the previous provisional period.

Predetermined: The rate(s) applicable to all competitive agreements issued or applied for, on or after July 1, 2005 through June 30, 2010.

Provisional: Competitive awards issued or applied for on or after 7/01/10 will utilize these rates until the subsequent predetermined rates are negotiated with the Department of Health and Human Services.

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Modified Total Direct Costs (MTDC): Includes, *but not limited to*, the following expenditure categories; salaries and wages, fringe benefits, material, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of the subgrant or subcontract (regardless of the period covered by the subgrant or subcontract (i.e., the competitive period of the agreement)). MTDC shall exclude equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, scholarships and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.

Off-Campus: For activities performed in facilities not owned by the University and not on the Medical Center campus, the off-campus rate will apply. Actual costs will be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate. For additional information, see the Off-Campus Policies and Procedures at <http://www.spa.wustl.edu/adminpol/offcampus.pdf>.

Organized Research (*Sponsored*): Research and development activities established by a grant, contract, or cooperative agreement that are separately budgeted and accounted for on a project by project basis.

Instruction (*Sponsored*): Specific instructional or training activity established by a grant, contract, or cooperative agreement.

Other Sponsored Activities: Programs and projects established by a grant, contract, or cooperative agreement which involve the performance of work other than instruction and organized research (e.g., health service projects, federally sponsored clinical trials and community service programs).

Procedures:

Proposals and Applications:

Principal Investigators and/or their staff must utilize the predetermined and provisional F&A rates noted above in all competitive and non-competitive proposals submitted directly to a Federal agency and/or submitted via another institution/entity (i.e., subcontract, subagreement) as part of their proposal to a Federal agency. These rates should be used in responses to federally sponsored Requests for Proposals (RFP) and Requests for Applications (RFA). The rates should also be utilized when developing/calculating rates, modules or milestones included in fixed priced agreements with Federal agencies.

There are certain Federal agencies/programs which may require the University to utilize a lower rate or a stipulated rate in the proposal (i.e., NIH training grants and fellowships). The non-standard rate should be applied to the direct costs as instructed in the RFP/RFA documents. The net loss of funding incurred by utilizing the stipulated rate should be claimed, when allowable under the sponsoring agencies' guidelines, in the proposal as the University's contribution (cost sharing) to the project.

Grants & Contracts (Medical School) or the Research Office (Hilltop/[Danforth](#)) will review the application of F&A rates in the proposal budgets prior to submission. They will direct questions or concerns about the rates or the MTDC base exclusions to the Principal Investigator, as necessary. [Please refer the rate matrix for non-competitive renewal applications contain in Appendix A.](#)

Post-Award:

During the account set up process for each new award, Grants & Contracts (G&C) or the Research Office (RO) will input the appropriate F&A rate into the Account Profile. Due to the time delay between the

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submission of the proposal and the issuance of the award, the Federal agency and/or G&C/RO may have to adjust the rate so it concurs with our most recent rate agreement.

Per OMB Circular A-21, the Federal granting agency should utilize the negotiated rates in effect at the time of the initial award throughout the “life” of the sponsored agreement (grant, contract or cooperative agreement). The term “life” is further defined as the competitive segment of the project. The Circular states that the rates for competitive segments, awarded during the period in which the University was under a provisional rate (7/1/04 – 7/28/05), should be subsequently adjusted to concur with final/predetermined rates, as negotiated. Additionally, competitive segments made on or after the [7/29/05 rate agreement](#) will be adjusted to concur with the predetermined rates, as negotiated. Based on these regulations, the F&A rate will be revised on the appropriate funds, in accordance with our current negotiated rate agreement. The rate will automatically change at the beginning of the University’s fiscal year (7/06 and 7/07), as stipulated in our rate agreement. The system will read a field in the Account Profile which indicates the competitive start date of the award and adjust the rate as follows:

- Competitive Start Date on or before 6/30/04: These awards were issued prior to the effective date of the [current/extended](#) rate agreement, thus they will continue to use the predetermined rates in effect at the time of the award, typically Research & Instruction at 53% MTDC and Other Sponsored Activities 30% MTDC. Per OMB Circular A-21, these rates can be utilized for the entire competitive project period. Accordingly, the rates on these funds **will not be revised** in 706 and 7/07.
- Competitive Start Date 7/1/04 to 7/28/05: These awards were issued during the provisional rate period associated with our previous rate agreement. They will utilize the “final” and “predetermined” rates in the new rate agreement. The rates will be automatically modified on 7/1/06 and 7/1/07.
- Competitive Start Date on or after 7/29/05: These awards are covered by our [current/extended](#) rate agreement and they will follow the above noted predetermined rates. The rates will be automatically modified on 7/1/06 and 7/1/07.

Due to changes in the F&A rates [in FY 07 and FY 08](#), the actual F&A costs charged to the fund may not coincide with the amounts awarded/budgeted for the grant period. When permitted by the sponsoring agency, the academic department/unit is responsible for rebudgeting funds from the F&A budget (BUOB 83) to the direct cost budget (BUOB’s 11 – 80). Sponsored Projects Accounting is available to provide assistance and guidance in the recalculation of the F&A budget.

This information, as well as other policies and procedures related to sponsored projects, will be posted on SPA’s web page (<http://www.spa.wustl.edu/policies.htm>).

If you have any questions regarding the information presented in this memo, please contact me at 314-935-7089 or jgindhart@wustl.edu.

**Federal Non-Competing Continuation Applications/Proposals
F&A Rate Matrix**

The rates noted below should be utilized in all federal and federal pass-through non-competing continuation applications / proposals:

- Competitive Start Date on or before 6/30/98, the 56% MTDC rate should be applied to on-campus organized research projects for entire competitive project period
- Competitive Start Date from 7/1/98 through 12/3/01, the 54% MTDC rate should be applied to on-campus organized research projects for the entire competitive project period.
- Competitive Start Date from 12/4/01 through 6/30/04, the 53% MTDC rate should be applied to on-campus organized research projects for the entire competitive project period.
- Competitive Start Date beginning 7/1/04, the rates should be applied according to the chart below.

Effective Period	On Campus Organized Research	Off Campus	Other Sponsored Activities	Instruction
FY 2005 (7/1/04 - 6/30/05)	53%	26%	30%	53%
FY 2006 (7/1/05 - 6/30/06)	53%	26%	30%	53%
FY 2007 (7/1/06 - 6/30/07)	52.5%	26%	35%	44%
FY 2008 (7/1/07 - 6/30/08)	52%	26%	35%	44%
FY 2009 (7/1/08 - 6/30/09)	52%	26%	35%	44%
FY 2010 (7/1/09 - 6/30/10)	52%	26%	35%	44%

Questions regarding this data should be directed to Grants and Contracts (School of Medicine) or the Research Office (Danforth Campus).