

New Facilities & Administration (F&A) and Fringe Benefit Rates Applicable to Sponsored Projects

F&A Rates:

The University recently completed negotiations with the federal government on the F&A rate agreement that will cover the period July 1, 2008 through June 30, 2011. The current F&A rate of 40.0% will expire on June 30, 2008.

As a recipient of federal awards, the University is obligated to comply with costing rules and regulations promulgated by the Office of Management and Budget (OMB) Circular A-21, Cost Principles for Education Institutions. These cost principles are rigorously followed by the University in developing its F&A rate proposal. Representatives from the DHHS-Division of Cost Allocation, the University's federal cognizant agency, review the University's F&A Rate proposal for compliance with applicable federal cost principles and then approve a final negotiated rate.

The increase in the University's F&A rate is primarily attributable to the facility component of the rate since the University's reimbursement for administrative costs is capped by the federal government at 26%.

Effective immediately, please incorporate the new F&A rates as specified in the table below into all new or competing applications and proposals.

Please note that new proposals submitted will have different F&A rates within the same project period, therefore the Office of Sponsored Research Administration will provide guidance on the calculation of F&A using the rates below.

Activity	July 1, 2008 – June 30, 2009	July 1, 2009 – June 30, 2010	July 1, 2010 – June 30, 2011
On-Campus Research	42.0%	44.0%	45.0%
On-Campus Instruction	50.0%	50.0%	50.0%
On-Campus Other Sponsored Activities (OSA)	27.0%	27.0%	27.0%
Off-Campus (Research/Instruction/OSA)	26.0%	26.0%	26.0%

The new rates will not affect existing awards or non-competing continuations. These awards will continue to use their currently awarded F&A rate through the end of the award period.

Fringe Benefit Rates:

During the F&A negotiations, a hybrid fringe benefit rate agreement was also approved by the Department of Health and Human Services. This fringe rate is the result of the process of taking certain employee benefits for an employee group and averaging them into one fringe benefit rate for the group. Under the fringe benefits pool method, fringe benefits are budgeted and expensed as a percentage of actual salary or wage costs. Rates are reviewed annually prior to the beginning of the annual budget cycle and adjusted to reflect differences between the rates charged and actual benefits costs as well as future benefit projections.

This rate benefits the University by providing a more equitable method for paying out terminal leave and a simpler process for administering budgets. It reduces questions on specific benefits allowed under grant funding. This pooled rate provides an opportunity to recover employee benefit costs currently funded and managed at the institution level.

The following rates should be reflected on all proposals effective immediately for the period of July 1, 2008 through June 30, 2009.

Description	Faculty/Staff	OPS
Rate to use for proposal	29.72%	7.65%
Rate charged to project	Actual fringe benefits costs plus 2.20% hybrid rate	7.65%

These new rates are effective for payroll expenses incurred on or after July 1, 2008. The fringe benefit rate contains the estimated budgeted components that are currently being charged to sponsored projects based on actuals*. In addition, it contains components for the hybrid rate that are currently being charged centrally or directly to a project (i.e. parental leave) which will now be charged to sponsored projects through an allocation.

The fringe benefits pool comprises the following components:

Actual - Retirement, Medicare Tax Expense, State Health, State Life and Pre-tax Administrative Assessment

Hybrid – Tuition benefit (employee only), Annual Leave paid at termination, Sick Leave at termination, Sabbatical Salaries, Workers' Compensation, Unemployment Insurance, and Parental Leave

If you have any questions regarding the use of these rates on proposal budgets please contact the Office of Sponsored Research Administration at 305-348-2494.

*Please note that what is budgeted for a project may differ from what is actually charged to the project.