



**Memorandum**

October 17, 2005

The University of Miami recently finalized the negotiation of the Facilities & Administrative Rates (F&A) (formerly known as indirect cost rates) to be included in federally sponsored grant and contract proposals. As a result of the negotiation with the federal government, the rate will increase for the Medical and RSMAS campuses and slightly decrease for the Coral Gables campus. Listed below are the new federal rates by campus and by year. There will be no change to the rate used for federal training grants (which is legislated at 8%). For non-federal awards and contracts, the negotiated rates below apply unless otherwise legislated or stated in writing by the sponsor.

Effective Period		Rate (%)	Type	Location	
From	To	(e)			
<b>School of Medicine and South Campus:</b>					
6/1/05	5/31/06	51.5	Organized Research (a)	On Campus	
6/1/06	5/31/07	52.5			
6/1/07	5/31/09	53.0			
6/1/05	5/31/09	54.0	Instruction (b)		
6/1/05	5/31/09	36.0	Other Spon. Activity (c)		
6/1/05	5/31/09	26.0	All types		Off Campus (d)
<b>Rosenstiel School of Marine &amp; Atmospheric Sciences:</b>					
6/1/05	5/31/06	52.0	Organized Research (a)	On Campus	
6/1/06	5/31/09	53.5			
6/1/05	5/31/09	54.0	Instruction (b)		
6/1/05	5/31/09	36.0	Other Spon Activity (c)		
6/1/05	5/31/09	26.0	All types		Off Campus (d)
<b>Coral Gables Campus:</b>					
6/1/05	5/31/06	51.0	Organized Research (a)	On Campus	
6/1/06	5/31/09	50.0			
6/1/05	5/31/09	54.0	Instruction (b)		
6/1/05	5/31/09	36.0	Other Spon Activity (c)		
6/1/05	5/31/09	26.0	All types		Off Campus (d)

Notes:

- (a) Organized Research is defined as all research and development activities that are sponsored by federal agencies, including clinical trials.

Newly negotiated Facilities & Administrative Rates (F&A)

October 17, 2005

Page 2

- (b) Instruction is defined as all instructional activities sponsored by federal agencies, i.e. grants for curriculum, conferences, seminars, lectures, etc. whether offered for credit or non credit.
- (c) Other Sponsored Activity (OSA) is defined as activities sponsored by federal agencies that is neither organized research, nor instruction – at present this is only applicable to federal Interpersonal Agreements (IPA).
- (d) Off campus research is research conducted in facilities not owned by the University and where rent expense is directly charged to the project. A grant or a contract award bears either the on campus or the off-campus rate. If more than 50% of the project effort is performed off campus, the off-campus rate applies.
- (e) Unless otherwise stated in the agency's Request for Proposal (RFP), F&A rates are applied to Modified Total Direct Costs (MTDC) in the preparation of proposals. MTDC is total direct costs excluding:
- Equipment – defined as an item of furniture, machinery, or other tangible asset which is not part of the supporting structure of a building or permanently attached to a building and having the following characteristics:
    - The unit cost of each item is \$2,500 or more, and
    - It has a useful life of more than one year(Equipment includes all costs to purchase, install, and all necessary modifications, attachments, etc. needed in order to make a newly acquired item of equipment functional for the purpose for which it was purchased or fabricated)
  - Alterations and/or renovations to existing buildings
  - Patient Care costs defined as costs of routine and ancillary services provided by hospitals to individuals participating in research programs
    - Routine Services - regular room services, minor medical and surgical supplies, and the use of equipment and facilities, for which a separate charge is not customarily made
    - Ancillary Services - special services for which charges are customarily made in addition to routine services, e.g., x-ray, operating room, laboratory, pharmacy, blood bank, and pathology.
  - Tuition remission
  - Rental costs of off-site facilities
  - Scholarships and fellowships
  - Subcontracts in excess of \$25,000

**Proposals crossing fiscal years – rates to be used:**

OMB Circular A-21 states in section G.7 – “Federal agencies shall use the negotiated rates for F&A costs in effect at the time of the initial award throughout the life of the sponsored agreement” (*emphasis added*). All federal agencies are bound by A-21; therefore, all proposals submitted to federal agencies need to include the multiple F&A rates which apply to the project period. The University will ensure that agencies recognize the multiple rates negotiated and reflected in the proposal at the time of award. Therefore, please use in proposal budgets the rates reflected on page one of this memorandum prorated by year. Use rates in effect at 5/31/09 for proposal years beginning 6/1/09 and beyond. In addition, use the justification in the following page in preparing the proposal budget. (Note that in the example in the following page

Newly negotiated Facilities & Administrative Rates (F&A)

October 17, 2005

Page 3

the rates used are for a School of Medicine proposal with a grant starting date of 12/1/05).

In accordance with the University of Miami's current negotiated F&A rate agreement, more than one F&A rate has been used to calculate the Total F&A, as shown below:

Year 1: 6 months @ 51.5% and 6 months at 52.5% (12/1/05 to 11/30/06)

Year 2: 6 months @ 52.5% and 6 months at 53.0% (12/1/06 to 11/30/07)

Year 3: 12 months @ 53.0% (12/1/07 to 11/30/08)

Year 4: 12 months @ 53.0% (12/1/08 to 11/30/09)