



UNIVERSITY OF MARYLAND

MEMORANDUM

TO: All Research Faculty and Administrative Staff

FROM: James T. Hill *James T. Hill*
Vice President, Administration and Finance

DATE: June 25, 2007

RE: **Implementation of New F&A Rate Agreement**

The University has successfully negotiated a new Facilities and Administrative (F&A) cost rate agreement with the federal government. This rate agreement is dated April 11, 2007. The new F&A rate agreement is scanned and posted on the web at www.cost.umaryland.edu.

In summary, the rates, effective 7/1/2007 – 6/30/2010 are as follows:

	On Campus	Off Campus
Organized Research	50%	26%
Other Sponsored Activities	30.7%	26%
Instruction	50%	26%

The University has also, for the first time, negotiated an IPA rate of 5.5%. This rate should be used for all IPA agreements where the funding agency allows for the recovery of F&A on IPA agreements. Currently, this does not include the Veteran's Administration.

All of these rates are applied to Modified Total Direct Costs (MTDC).

Other Rates

The corporate-sponsored clinical trials rate of 25% of Total Direct Costs (TDC) and the basic/allied research rate for corporate and commercial sponsors of 46% of TDC are not regulated by the rate agreement with the federal government. Effective 7/1/2007, the University will raise the corporate-sponsored clinical trials rate to 30% of TDC and the basic/allied research rate for corporate and commercial sponsors to 47.5% of TDC.

Current Proposal Submissions:

All proposals submitted now should use these new rates for all budget periods after 7/1/2007. Budget periods after 6/30/2010 should also use these rates until this agreement is amended. This

amendment will occur sometime after the University submits its next F&A rate proposal for the fiscal year ended June 30, 2009.

Awards Being Accepted That Were Proposed at the Old Rates:

New and competing renewal Federal and Federal pass-through awards with start dates of July 1, 2007 or after should be awarded at the new rate. The Office of Research and Development will contact the sponsors and negotiate if required. Non-competing Federal renewals will continue with the old rates. Renegotiation of non-Federal awards to the new rates will be done on a case-by-case basis.

Existing Awards:

All existing awards will stay at their current rates except:

- All federally-sponsored, other sponsored activities, on-campus awards with a current rate of 34% will have the F&A rates reduced to 30.7%, effective 7/1/2007. This includes awards where the prime sponsor is the federal government.
- Some privately-sponsored, other sponsored activities, on-campus awards with a current rate of 34% will have the F&A rates reduced to 30.7%, effective 7/1/2007. Deliverable awards will not be adjusted to the lower rate.

You will receive a separate notification if the rate on your award will change. The reduction in F&A costs on these awards may be rebudgeted to direct costs.

If you have any questions, please contact Lynn Kingsley, Director, Cost Analysis and Studies at 410-706-2889 or lkingsley@af.umaryland.edu. Thank you.