Steps to determine what F&A Rate to use for your externally funded project

The Facilities and Administration Cost Rate ("F&A" or "Indirect Cost") for a project is identified when the proposal budget is initially prepared. The applicable rate depends upon the location and purpose of the project. As a rule, the federally negotiated rates should always be used unless the sponsor has a published policy rate.

This document will outline a 3-Step process for determining the appropriate F&A rate to use for all externally funded projects.

STEP 1 – determine if the project is occurring On or Off Campus

Most all of UMass Boston sponsored projects occur On-Campus. If a project does not meet the following Off-Campus definition, it is an On-Campus project:

OFF-CAMPUS DEFINITION (for facilities and administrative rate purposes): For all activities performed in facilities not owned by the institution and to which rent is directly allocated to the sponsored project, the Off-Campus rate will apply.

Our federal F&A rate agreement requires grants or contracts not be subject to more than one facilities and administrative cost rate. Therefore, when more than 50% of a project is performed off-campus according to the definition above, the Off-Campus rate will apply to the entire project.

“Rent directly allocated to the project” may involve rent as a direct cost to the sponsor budget, or may involve third party cost sharing. “Off-Campus” DOES NOT refer to field work.

Frequently Asked Questions relating to F&A rates:

Q1. If faculty and staff who are paid from a project are located in a building owned by UMass Boston but not at 100 Morrissey Boulevard, which rate should apply?
   • The On-campus rate applies to projects conducted in buildings owned by UMass Boston regardless of where they are physically located.

Q2. If faculty and staff who are paid from a project are located in a building owned by a third party, not UMass Boston, what rate should apply?
   • The Off-Campus rate applies to projects when rent is charged directly to the project.
   • The On-Campus rate applies to projects when rent is paid by the University, but not charged directly to the project.

Q3. If a project involves work at both On-Campus and Off-Campus sites, either the On-Campus or Off-Campus rate is generally applied, how is the determination of the “majority of work” identified?
   • For this purpose, salary costs are generally accepted as the measure of work performed.
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STEP 2 – determine appropriate activity of the project: Research, Instruction or Other

- **Research** - all research and development activities that are sponsored by State, Federal and non-Federal agencies and organizations. This includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function. [Source: A-21 B.1.(b)(1)]

- **Instruction** - Sponsored instruction and training means specific instructional or training activity established by grant, contract, or cooperative agreement. Except for research training [see above], this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through regular academic departments or separate divisions, such as a summer school division or an extension division. [Source: A-21 B.1.]

- **Other Sponsored Programs** - programs and projects financed by State, Federal and non-Federal agencies and organizations that involve the performance of work other than Research or Instruction. Examples of such programs and projects are health service projects, community service programs and studies, technical assistance and service programs or experiment stations.

Once the project activity type is determined, the proper federally negotiated rate should be applied.

<table>
<thead>
<tr>
<th>Project Activity Type</th>
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<th>FY17</th>
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</table>

STEP 3 – determine and apply sponsor restrictions

Federally negotiated rates should be used with all sponsors, including state and private, and must be used if UMass Boston will be a subrecipient/subawardee on a federal prime award. However, if a sponsor has a published policy (one that is accessible to all via the web or through some other official organizational document; emails to PIs from sponsor staff do not constitute published policy) on allowable indirect costs / F&A rates, UMass Boston will honor those published rates. For example, many training grants limit F&A to 8% MTDC; in such cases ORSP will apply the allowed F&A rate instead of our federally negotiated rate. Many foundations limit F&A as well, and ORSP will calculate the F&A cost according to the foundation’s policy.
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If a sponsor does not have a published policy on F&A rate or their guidelines are silent, ORSP will apply the rate applicable to the activity, e.g. research, instruction, or other sponsored activities.

Waiver of applicable F&A rates

The waiver of rates is something that should be avoided at all Research Universities. Each time UMass Boston accepts a rate lower than what it should be, we are not recovering the full cost of the project which effectively is cost sharing. Cost sharing has negative impact on our future F&A rates and should be minimized.

For non-Federal, non-profit Sponsor applications: Use of rates other than the applicable federally negotiated rate or those that deviate from sponsor guidelines requires the authorization of the applying unit’s Dean(s) and the Director of ORSP. ORSP must be informed of this waiver by the Dean(s) or his/her designee(s) by email at least seven (7) business days before the application deadline to accommodate budget development and review.

For Federal Sponsor applications: In addition to Dean(s)’s approval, reduced F&A on a federal grant or contract requires concurrence from the Vice Provost for Research to maintain consistent institutional practices. Each request for a reduction in F&A is an independent action; previously approved reductions will not be considered in making future decisions.