



**TO:** Department Administrators

**FROM:** Jeff Sullivan,  
Assistant Controller, ORACS

**DATE:** January 20, 2009

**SUBJECT:** Facilities & Administrative (F&A) Cost Rates – FY 2007 through FY 2012

The University has completed negotiations for “predetermined” F&A cost rates for FY’s 09 – 12, including final rates for FY’s 07 and 08.

The predetermined rates for **Organized Research (ORG)** and **Other Sponsored Activities (OSP)**, further differentiated by **on-campus** and **off-campus** rates, are to be used **effective immediately** (see rate tables below). The appropriate Dean’s Office must approve any exceptions to this rate schedule.

**Organized Research (ORG)** rates for sponsored projects awarded, by period:

Type	Effective Period	On-Campus ORG Rate %	Off-Campus ORG Rate %
FINAL	July 1, 2006 to June 30, 2007	54	26.6
FINAL	July 1, 2007 to June 30, 2008	54	26.6
PREDETERMINED	July 1, 2008 to June 30, 2009	54	26.6
PREDETERMINED	July 1, 2009 to June 30, 2010	54	26.6
PREDETERMINED	July 1, 2010 to June 30, 2011	53	26.6
PREDETERMINED	July 1, 2011 to June 30, 2012	54.5	26.6

**Other Sponsored Programs (OSP)** rates for sponsored projects awarded:

Type	Effective Period	On-Campus OSP Rate %	Off-Campus OSP Rate %
PREDETERMINED	July 1, 2008 to June 30, 2012	33.5	24.8

- Beyond June 30, 2012, use the FY12 rate as provisional for both ORG and OSP, until amended.

**Please see the definitions below should you need clarification between ORG and OSP.**

Implementation of the new rates is complicated by multiple-year grants and the provisions of OMB Circular A-21. The following items are included to provide clarification as to how these changes effect how to treat both existing and new ORG awards (OSP awards carry a consistent rate throughout the predetermined periods and are not effected by changing rates):

- **For BOTH On and Off-Campus** awards issued **prior to July 1, 2006**, the F&A cost rate remains at the awarded rate for the competitive segment. These older awards should be reaching the end of their project periods, and competing continuation awards will be subject to the new predetermined rates stated above.



- **On-Campus** projects awarded since **July 1, 2006** will maintain the 54% rate (exclusive of training grants, fellowships or other awards not entitled to full research rate reimbursement) for the period from the start of the award through June 30, 2010 and change to 53% for fiscal 2011 and 54.5% for fiscal 2012 if the duration of the project period so extends.
- **Off-Campus** projects awarded since **July 1, 2006** will be adjusted to the 26.6% rate (exclusive of other awards not entitled to full research rate reimbursement) from the start of the award through the life of the award. Retroactive adjustments will be communicated under this scenario.
- All federal and nonfederal **new** and competing research awards will be subject to the new predetermined rates listed above. These rates will apply unless full reimbursement is restricted by the awarding agency or the appropriate Dean's Office has approved a waiver of F&A costs.

The predetermined rates should be used in preparing proposal budgets for future years. Calculation of benefit rates should continue to be based upon approved FY 2009 rates that are found on ORAC's website at <http://www.rochester.edu/adminfinance/finance/spaform.htm>. For example, a new or competing research award that starts July 1, 2009 will be subject to a 54% rate for the first budget year and 53% rate for the second and 54.5% for the subsequent years. ORACS will apply the applicable rates to the project's sub-ledger 5 account(s) within FRS as those rates change. Award budget dates do not always coincide with the Universities fiscal year and therefore will need careful consideration during preparation.

#### **Definitions per section B1 of OMB Circular A-21:**

**Organized research (ORG)** - all research and development activities of an institution that are separately budgeted and accounted for. It includes:

- (1) Sponsored research means all research and development activities that are sponsored by Federal and non Federal agencies and organizations. This term 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, or
- (2) University research means all research and development activities that are separately budgeted and accounted for by the institution under an internal application of institutional funds. University research, for purposes of this document, shall be combined with sponsored research under the function of organized research.

**Other sponsored activities (OSP)** - programs and projects financed by Federal and non Federal agencies and organizations which involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects, and community service programs. However, when any of these activities are undertaken by the institution without outside support, they may be classified as other institutional activities.

Jeff