REVISED MEMORANDUM

TO: The Research Community
FROM: Dr. Susan Wyatt Sedwick, Associate Vice President for Research and Director, OSP
DATE: October 9, 2014
RE: Facilities and Administrative (F&A) Cost Rates

This memo provides the University’s new federally negotiated Facilities & Administrative (F&A) Costs rate effective September 1, 2014 and clarifies the University’s policies and practices regarding indirect costs. The following indirect costs rate information is provided as a guideline for proposals submitted by The University and is effective immediately:

- **On-Campus Rate:** The current on-campus federally negotiated Facilities and Administration (F&A) Costs rate applies to all proposals including those submitted to for-profit entities. The on-campus rate increases to 55 percent for FY 15 and FY 16 and to 56.5 percent in FY 17 and FY 18. Proposal budgets for new projects and competitive continuations should apply the rate that corresponds with the proposed start date for funding.
  - Research proposals with a proposed start date of 09/01/2014 - 08/31/2016 should use 55%.
  - Research proposals with a proposed start date of 09/01/2016 – 08/31/2018 should use 56.5%.
  - All budgets utilizing the federally negotiated rate should be calculated on modified total direct costs (MTDC).
  - **Effective 12/26/2014, projects funded through non-federal entities agencies with federal pass-through funds should use the federally negotiated rate.**
    - The F&A Rate Agreement is posted on the OSP website.

- **Off-Campus Rate:** The off-campus rate remains capped at 26% and should be calculated on modified total direct costs (MTDC) for projects conducted off-campus. Projects for which the majority of activities are performed in facilities not owned by the institution and to which rent is directly allocated to the project. Generally, off-campus work must extend for at least an entire semester or all three summer months. Use of the off-campus rate must be approved in advance by the Office of Sponsored Projects. Projects may not use split rates for on- and off-campus activities. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project.

- **Other Sponsored Programs Rate:** This rate should be used for conferences and other projects that do not fall under the research category. The rate is now 38% and should be calculated on modified total direct costs (MTDC).

- **State Rate:** Use for proposals funded using State, City and County funding, a 15% rate calculated on TDC is authorized.

- **Not-for-Profit:** Proposals to not-for-profit agencies without published rates should use a rate of 15% and should be calculated on the total direct cost (TDC).

- **Clinical Trial Rate:** Effective September 1, 2014, the rate for clinical trials and pre-clinical trials is 30% and should be calculated on the total direct costs (TDC).

- **Training Rate:** The University’s current federally approved instruction rate is 50% of modified total direct costs.

- **Note:** The University of Texas at Austin will honor published (i.e. foundation) or statutory (i.e. USDA, the U.S. Department of Education limitations) on recovery of indirect costs.

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1 Modified total direct costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first $25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified direct costs shall exclude equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of $25,000.

2 Total direct costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts. There are no exclusions.

A gift to support research is not subject to indirect cost. It includes only those unrestricted funds provided to The University without any terms, conditions or other obligations. All gifts should be processed through the Development office.