



**Sponsored Projects Accounting**

**TO:** Business Managers, Departmental Administrators and Assistants

**FROM:** Joseph M. Gindhart, Associate Vice Chancellor for Finance & Sponsored Projects

**DATE:** [July 2021](#)

**SUBJECT:** Federal Facilities and Administrative Rates – Policies and Procedures (Revised)

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The University reached agreement with our Federal cognizant agency, the Department of Health and Human Services, on predetermined Facilities and Administrative (F&A) cost rates. The new rate agreement is [dated May 6, 2021 and covers the four fiscal years 2022 through 2025](#), see [F&A rate agreement 05/06/2021](#). The Policies and Procedures noted below supersede the previous version of this document, [dated April 2018](#).

Our F&A rates are calculated under the guidelines provided in the Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance, 2 CFR 200). These rates should be applied to all grants, contracts and cooperative agreements issued by Federal agencies, including Federal pass-through funding. Per our most recent negotiated F&A rate agreement, the following rates are effective, under the modified total direct cost (MTDC) basis:

Rate Type	Effective Period	Rate	Location	Applicable To
Predetermined	<a href="#">7/1/2017 – 6/30/2018</a>	52.5	On-Campus	Organized Research
Predetermined	<a href="#">7/1/2018 – 6/30/2019</a>	55.5	On-Campus	Organized Research
Predetermined	<a href="#">7/1/2019 – 6/30/2020</a>	57.0	On-Campus	Organized Research
Predetermined	<a href="#">7/1/2020 – 6/30/2021</a>	57.5	On-Campus	Organized Research
<a href="#">Predetermined</a>	<a href="#">7/1/2021 – 6/30/2023</a>	<a href="#">57.5</a>	<a href="#">On-Campus</a>	<a href="#">Organized Research</a>
<a href="#">Predetermined</a>	<a href="#">7/1/2023 – 6/30/2025</a>	<a href="#">55.5</a>	<a href="#">On-Campus</a>	<a href="#">Organized Research</a>
Predetermined	<a href="#">7/1/2017 – 6/30/2021</a>	26.0	Off-Campus	All Programs
<a href="#">Predetermined</a>	<a href="#">7/1/2023 – 6/30/2025</a>	<a href="#">26.0</a>	<a href="#">Off-Campus</a>	<a href="#">All Programs</a>
Predetermined	<a href="#">7/1/2017 – 6/30/2021</a>	36.0	On-Campus	Instruction
<a href="#">Predetermined</a>	<a href="#">7/1/2021 – 6/30/2025</a>	<a href="#">36.0</a>	<a href="#">On-Campus</a>	<a href="#">Instruction</a>
Predetermined	<a href="#">7/1/2017 – 6/30/2021</a>	36.0	On-Campus	Other Spon. Activities
<a href="#">Predetermined</a>	<a href="#">7/1/2021 – 6/30/2025</a>	<a href="#">36.0</a>	<a href="#">On-Campus</a>	<a href="#">Other Spon. Activities</a>
Provisional	<a href="#">7/1/25 Until Amended</a>	Use same rates and conditions as those cited for Fiscal year ending <a href="#">June 30, 2025</a> .		

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### Definitions:

**Predetermined:** The rate(s) above are applicable to all competitive agreements issued/awarded or applied for, on or after [July 1, 2021 through June 30, 2025](#).

- Predetermined rate means an indirect cost rate, applicable to a specified current or future period, usually the organization's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment.

**Provisional:** Competitive awards issued or applied for on or after [7/01/25](#) will utilize these rates until the subsequent predetermined rates are negotiated with the Department of Health and Human Services.

- Provisional rate or billing rate means a temporary indirect cost rate applicable to a specified period which is used for funding, interim reimbursement, and reporting indirect costs on Federal awards pending the establishment of a final rate for the period.

**Modified Total Direct Costs (MTDC):** Includes, *but not limited to*, the following expenditure categories; all [direct](#) salaries and wages, [applicable](#) fringe benefits, materials & supplies, services, travel [and up to the first \\$25,000 of each subaward \(regardless of the period of performance of the subaward under the award\)](#). MTDC shall exclude equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, tuition remission, scholarships and fellowships, participant support costs as well as the portion of each subaward in excess of \$25,000. [Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.](#)

**Off-Campus:** For activities performed in facilities not owned by the University and not on the Medical Center campus and where these costs are [not included in the F&A pool or where rent is directly allocated/charged to the project\(s\)](#), the off-campus rate will apply. Actual costs will be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate. For additional information, see the [Off-Campus Policies and Procedures](#).

**Organized Research (*Sponsored*):** Research and development activities established by a grant, contract, or cooperative agreement that are separately budgeted and accounted for on a project by project basis.

**Instruction (*Sponsored*):** Specific instructional or training activity established by a grant, contract, or cooperative agreement.

**Other Sponsored Activities:** Programs and projects established by a grant, contract, or cooperative agreement which involve the performance of work other than instruction and organized research (e.g., health service projects, community service programs...).

### Procedures:

#### **Proposals and Applications:**

Principal Investigators and/or their staff must utilize the predetermined and provisional F&A rates noted above in all competitive and non-competitive proposals submitted directly to a Federal agency and/or submitted via another institution/entity (i.e., subcontract, subagreement) as part of their proposal to a Federal agency. These rates should be used in proposals to federally sponsored Funding Opportunity

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Announcements (FOA) (e.g., Requests for Proposals [RFP] and Requests for Applications [RFA]). The rates should also be utilized when developing/calculating rates, modules or milestones included in fixed priced agreements with Federal agencies.

There are certain Federal agencies/programs which may require the University to utilize a lower rate or a stipulated rate in the proposal (e.g., NIH training grants and fellowships). The non-standard rate should be applied to the direct costs as instructed in the FOA documents. The net loss of funding incurred by utilizing the stipulated rate should be claimed, when allowable under the sponsoring agencies' guidelines, in the proposal as the University's contribution (cost sharing) to the project.

The Office of Sponsored Research Services (OSRS) will review the application of F&A rates in the proposal budgets prior to submission. They will direct questions or concerns about the rates or the MTDC base exclusions to the Principal Investigator, as necessary.

### **Post-Award:**

During the account set up process for each new award Sponsored Projects Accounting (SPA) **will determine the appropriate F&A rate agreement based upon the Sponsor (federal / non-federal) and the award notice/document.** Due to the time delay between the submission of the proposal and the issuance of the award, the Federal agency may have to adjust the rate so it's consistent with our most recent rate agreement.

The Uniform Guidance (UG) (2 CFR 200 Appendix III, section C.7.a) instructs Federal agencies to use the negotiated rates in effect at the time of the initial award throughout the "life" of the sponsored agreement (grant, contract or cooperative agreement). "Life" for this purpose means each **competitive segment of a project**. The application of this rule to current and new grants and contracts will depend on the starting date of the competitive segment as described below.

**Competitive Start Date on or before 7/01/2021:** These awards are covered under our previous rate agreement(s). The predetermined rate for on-campus research at the time of the awards was ranged from 52.5% MTDC **to 57.5%** (per the previous rate agreement(s)). These awards will continue to utilize those rates for their remaining non-competitive grant periods starting on or after **7/01/2021**.

**Competitive Start Date on or after 7/01/2021:** These awards are covered by our new rate agreement. The University will **apply the on-campus organized research rate of 57.5% MTDC for the period of 7/01/2021 through 6/30/2023. The University will apply the rate of 55.5% effective 7/01/2023.**

This information, as well as other policies and procedures related to sponsored projects, will be posted on SPA's web page (<https://financialservices.wustl.edu/wfin-topic/sponsored-projects-accounting/>).

If you have any questions regarding the information presented in this memo, please contact me at 314-935-7089 or [jgindhart@wustl.edu](mailto:jgindhart@wustl.edu)