

University of Illinois at Urbana-Champaign
 FY08 Final Facilities/Administrative (F&A) and Tuition Remission Rates
 FY08 Final Fringe Benefit Rates (Percentages)

FACILITIES AND ADMINISTRATION (F&A) RATES	On-Campus	Off-Campus
Instruction	48.2	24.0
Organized Research	55.0	24.0
Other Sponsored Activities	25.3	18.7

Base is Modified Total Direct Costs (MTDC) which excludes equipment costing \$5000 or more, subcontract expenditures in excess of \$25,000, graduate assistant tuition remission, fellowships, scholarships, traineeships, and rental/lease of capital items

GRADUATE ASSISTANT TUITION REMISSION RATES	On-Campus	Off-Campus
Instruction	56.0	56.0
Organized Research	56.0	56.0
Other Sponsored Activities	56.0	56.0

Base for Tuition Remission is salaries of graduate assistants with waivers

FRINGE BENEFIT RATES							
Employee Group	Total Benefit Rate	Retirement ¹	Health, Life, Dental	Workers' Compensation ²	Termination	Medicare	OASDI
Employees Covered By The State University Retirement System (SURS) Hired AFTER 4/1/86	35.61	10.75	22.29	0.13	.99	1.45	
Employees Covered By The State University Retirement System (SURS) Hired BEFORE 4/1/86	34.16	10.75	22.29	0.13	.99		
Non-student Employees NOT covered by SURS	8.77			0.13	.99	1.45	6.20
Graduate Assistants ³	5.13		5.00	0.13			
Students Enrolled > Half Time ⁴	0.13			0.13			
Students Enrolled < Half Time ⁴	7.78			0.13		1.45	6.20

Rate Application Guidelines

¹ For employees who have elected the self-managed plan the actual rate of 7.6% will be charged.

² Agency for International Development Overseas Workers' Compensation rate is 1.58%.

³ For graduate assistants with waivers, the HLD rate was phased in as a percentage of salaries: FY05 was 2%, FY06 was 4%, and FY07 began full rate recovery.

⁴ IRS regulations require FICA (OASDI plus Medicare) withholding on assistantship salaries when student is registered for fewer than six credit hours during Fall and Spring semesters, and fewer than three hours in the summer, except if registering for this many credits would result in taking more credits than required for the degree.

I FACILITIES AND ADMINISTRATIVE COST RATES

Facilities and Administrative (F&A) Cost Rates are established by negotiation with the Federal Government and a predetermined rate agreement is in place covering the period July 1, 2007 through June 30, 2011. Within that rate period, the on-campus Organized Research rate is different for FY2008 only. Implementation Charts for FY2008 are provided further below in this document.

There are separate rates for Instruction, Organized Research, and Other Sponsored Activities, and for each of these, there are rates for on-campus and off-campus projects (see section on On/Off-Campus Rate Application, below). Since the Organized Research rate increased while the other rates decreased, there are two implementation charts for the various types of rates.

A FY08 MTDC Base (effective with projects using FY08 rates)

The Modified Total Direct Cost base against which the facilities and administrative cost rate is assessed *includes*:

- salaries and wages
- fringe benefits
- materials and supplies
- expensed/minor equipment (items costing \$500-\$4,999, account codes 127XXX and 161XXX)
- travel
- services
- the first \$25,000 of those subawards (subgrants or subcontracts) where a portion of the scope of work is subcontracted to a party external to the University (account codes 156000-156149). Note: A subaward for an amount greater than \$25,000 would be assessed F&A on the first \$25,000 only over the lifetime of the award.

For assessment and budgeting purposes, MTDC *excludes* the following direct costs:

- Subaward expenditures in excess of \$25,000 in 156000-156149 as well as all expenditures coded 156150-156200.
- Graduate Assistant Tuition Remission coded 198140 and 198150
- Fellowships, Scholarships, and Traineeships (allowable only on sponsored training agreements) coded 181XXX.
- Rentals and Leases. The cost of renting or leasing any property or equipment is to be budgeted in proposals and charged to account codes as follows:
 - 143XXX--Equipment Rentals
 - 157XXX and 158XXX--Operating Leases
 - 169XXX--Capital Leases
- Equipment (including lease purchased and fabricated equipment) costing \$5,000 or more.
- Any other expenditure recorded in an expense account code 163XXX-199999.

Effective with the application of FY2008 rates, the campus will no longer waive the F&A on "expensed equipment". Expensed/minor equipment includes items costing \$500-\$4,999 (account codes 127XXX and 161XXX).

Because the FY04-FY07 Facilities and Administrative Rate expired June 30, 2007, this change becomes effective simultaneously with the application of any new negotiated rate. **The change in assessment applies to new or competitive renewals with project begin dates on or after July 1, 2007.**

For existing sponsored projects using pre FY2008 rates, F&A will continue to be waived on expensed equipment throughout the life of the current funding segment. "Life" for the purpose of this discussion means each competitive segment of a project. A competitive segment is a period of years approved by the Federal funding agency at the time of the award, recognizing that the years subsequent to the first year are subject to satisfactory performance and availability of funds.

B Rates to Be Used in Proposals

1. Projects Funded by U. S. Government, Commercial, and Private Sponsors

The applicable rates to be used in proposals are shown on the F&A Rate [Implementation Charts](#) below. Using any other rates requires approval as described under *Waiver of Facilities and Administrative and/or Tuition Remission Cost* below.

2. State of Illinois Sponsored Projects

Principal Investigators and/or units are responsible for ascertaining the source of funding for State programs prior to submitting proposals to State of Illinois agencies or entities.

- For projects supported entirely with State of Illinois funds (agencies of the State and Illinois Local Governmental units), the rate is 10% of Total Direct Costs (TDC) unless the sponsor specifies higher rates, in which case the higher rate will be utilized. *No assessment for Tuition Remission.*
- For projects supported with combined State and Federal funds, the rate is 20% of Total Direct Costs. *No assessment for Tuition Remission unless program specifically supports tuition costs.*
- For projects administered by State agencies supported totally with Federal funds, use the full negotiated rates above, and include any graduate assistant tuition remission as a direct cost.

C Application of On-Campus, Off-Campus Facilities and Administrative Cost Rates

Application of the appropriate On-Campus or Off-Campus facilities and administrative cost rate is determined at the beginning of each Sponsored Agreement and must be equitably adjusted if the circumstances that determine the application change materially during the period of performance.

The On-Campus rate is assessed except when a portion of the work is performed at an off-campus site. In such cases, certain costs normally considered facilities and administrative, such as rent and utility costs may be charged as a direct cost to the particular sponsored agreement. The criterion for utilization of the Off-Campus rate consists of the following:

- 1) Performance at the off-campus location must be on a continuous basis, normally a full semester, summer term, or the period of performance of the sponsored agreement; intermittent performance is not sufficient; and
- 2) The University personnel working or engaged on the project must be physically located at an off-campus site.

Off-campus costs may include costs incurred at the off-campus site for salaries (including administrative salaries when administrative support cannot otherwise be reasonably provided), related fringe benefits, supplies, utility costs, rent, local travel, and other similar costs that are treated as direct. Travel to and from an off-campus site is considered an off-campus cost. If a project has different components that are conducted on and off-campus, separate fund codes are established such that the on-campus rate is applied to the work on campus, and the off-campus rate to that component which is conducted off-campus.

D Waivers of Facilities & Administrative Costs

Proposals are to use the approved rates above **except** when:

- The sponsor is a governmental agency or not-for-profit entity that formally limits the amount it provides for facilities and administrative cost reimbursement (provide sponsor policy when the proposal is submitted to the Office of Sponsored Programs and Research Administration); or
- The sponsor does not have an explicit policy limiting F&A, but the unit has obtained the approval of the Vice Chancellor for Research, representing the committee stipulated in Section 6.f. of [The General Rules Concerning University Organization and Procedure](#), for a full or partial waiver of facilities and administrative costs. To seek such approval, direct the request to Dr. Melanie Loots, Associate Vice

Chancellor for Research, and submit this approval with the proposal to the Office of Sponsored Programs and Research Administration.

- The Campus has elected not to charge tuition remission on projects with reduced F&A rates. However, the originating unit has the option of requesting the tuition remission when the sponsor does not expressly prohibit this cost. (*Tuition remission should not be charged to State of Illinois projects that use the 10% or 20% Total Direct Cost Rate unless the program specifically supports tuition costs.*) Tuition will not be waived on projects with full F&A rates.

II FY08 TUITION REMISSION RATES

The Tuition Remission Rate of 56% has been established with approval of the Federal Government. Graduate assistant tuition remission is a direct cost that is excluded from F&A assessment. The way this cost is represented on proposal budgets varies according to sponsor budget formats.

Where possible, tuition should be shown as an identified line item called "tuition remission", or otherwise included as an item under "other direct costs." In either case, F&A is not assessed on this amount, and tuition is not to be included in fringe benefits.

Where allowed by the Sponsor that provides full, negotiated F&A rates, tuition remission should always be included in proposal budgets unless it is known with certainty that the graduate assistant(s) who would be hired for the project would not be eligible for an assistantship tuition waiver.

When a sponsor provides reduced or no F&A, the sponsor's policies or the Request for Proposal should be reviewed to determine if tuition remission is unallowable. If tuition remission is not specifically disallowed, the initiator of the proposal may request tuition remission, but is not required to do so. When requested, it should be budgeted as described above. **The Campus has elected not to charge tuition remission on State of Illinois projects with reduced F&A rates. USDA CSREES projects (with the exception of the National Research Initiative (NRI) program) specifically preclude tuition remission as an allowable cost, but other USDA programs may allow tuition remission. Check the guidelines to determine allowability.**

III FRINGE BENEFIT RATES

The fringe benefit rates are updated annually and approved by the Federal government near the beginning of each fiscal year. Unlike facilities and administrative cost rates, changes in fringe benefit rates are assessed immediately when they become effective, even if the budgeted rates are different. Fringe benefit rate changes for FY08 were effective July 2007 (BW15 and MN8 pay periods). These rates are finalized after federal audit and negotiations with any changes communicated at that time.

In January, the SURS system announced the retirement rate of 10.75% to be effective July 1, 2007. The rate for employees who have elected the self-managed plan should be used as appropriate.

QUESTIONS

Please address any questions on rate applications in proposals to the Office of Sponsored Programs and Research Administration at 333-2187, GCOAward@uillinois.edu. Questions related to rate applications to project financial funds should be directed to Grants and Contracts Post-Award Administration at 333-2186, obfsgcopostawarduic@uillinois.edu.

Implementation Chart for Organized Research Rate

Current grants and contracts will operate according to the provisions under which they were negotiated and awarded. The following chart applies to projects not already negotiated and awarded at the time of this notification and that involve new or competitive renewals for projects of FY2008 or later.

Action	Due Date of proposal (sponsor submission deadline)	F&A rate to be used for Organized Research (OR)	Tuition rate to be used	Assessment of F&A on Expensed Equipment (EE)
New project with begin date of July 1 or after	Prior to July 1	FY2007 rate of 53% will be used unless the department requests revision to the new rate of 55%.	37% used with FY2007 rate and 56% used with FY2008 rate.	Proposals using the FY2007 F&A rate do not include EE in MTDC. Proposals using FY2008 rate do include EE in MTDC.
	July 1 or after	Must use 55%	56%	Yes
Competing Renewal with begin date of July 1 or after	Treated the same as shown for new projects above.			
NIH Proposals	Prior to July 1	Proposals reflect direct costs and campus will be awarded at effective F&A rates for the project period. (No impact to direct costs as proposed.)	37% used in proposal will be honored. Otherwise, 56%.	EE will be assessed. No impact to direct costs proposed.
	July 1 or after		56%	
Supplemental awards effective July 1 or after when the original award began prior to July 1	The campus will honor the rate of the original award. This does not apply to competitive renewal segments (see above).			
Proposal Budget Revisions for awards to be effective July 1 or after	If proposed at 53%, but needs revision for some other reason, OSPRA will initiate revision only at direction of unit or sponsor.			

Implementation Chart for Instruction, Other Sponsored Activities Rates

Current grants and contracts with begin dates prior to July 1, 2007 will operate according to the provisions under which they were negotiated and awarded. The following chart applies to new or competitive renewals for projects of FY2008 or later.

Action	Due Date of proposal (sponsor submission deadline)	F&A rate to be used for Instruction, Other Sponsored Activities	Tuition rate to be used	Assessment of F&A on Expensed Equipment (EE)
New project with begin date of July 1 or after	Prior to July 1	Use the FY2008 rates. Awards must be made at FY2008 lower rates, and budget revisions will be made for those proposed at FY2007 higher rates.	As reflected in budget upon which award was made (37% or 56%).	As reflected in budget upon which award was made.
	July 1 or after	Must use lower rates	56%	Yes
Competing Renewal with begin date of July 1 or after	Treated the same as shown for new projects above.			
NIH Proposals	Prior to July 1	Proposals reflect direct costs and campus will be awarded at effective F&A rates for the project period. (No impact to direct costs as proposed.)	37% used in proposal will be honored. Otherwise, 56%.	EE will be assessed. No impact to direct costs proposed.
	July 1 or after		56%	
Supplemental awards effective July 1 or after when the original award began prior to July 1	The campus will use the rate of the original award. This does not apply to competitive renewal segments (see above).			
Proposal Budget Revisions for awards to be effective July 1 or after	OSPRA will revise to reflect lower F&A rates and will provide inclusion of EE in MTDC for F&A assessment and tuition remission at higher rate if no negative impact to total budget amount.			