

Urbana-Champaign Campus and Central Administration
 FY07 Final Facilities/Administrative (F&A) and Tuition Remission
 FY07 Fringe Benefit Rates (Percentages) Provisional

FACILITIES AND ADMINISTRATION (F&A) RATES	On-Campus	Off-Campus
Instruction	48.5	24.0
Organized Research	53.0	24.0
Other Sponsored Activities	27.4	18.7

Base is Modified Total Direct Costs (MTDC) which excludes equipment costing \$500 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	37.0	37.0
Organized Research	37.0	37.0
Other Sponsored Activities	37.0	37.0

Base for Tuition Remission is salaries of graduate assistants with waivers

FRINGE BENEFITS RATES							
Employee Group	Total Benefits Rate	Retirement ¹	Health, Life, Dental	Workers' Compensation ²	Termination Benefits	Medicare	OASDI
Employees Covered By The State University Retirement System (SURS) Hired AFTER 4/1/86	34.83	10.82	21.18	0.13	1.25	1.45	
Employees Covered By The State University Retirement System (SURS) Hired BEFORE 4/1/86	33.38	10.82	21.18	0.13	1.25		
Non-student Employees NOT covered by SURS	9.03			0.13	1.25	1.45	6.20
Graduate Assistants ³	5.26		5.13	0.13			
Students Enrolled > Half Time ⁴	0.13			0.13			
Students Enrolled < Half Time ⁴	7.78			0.13		1.45	6.20

****SEE FOLLOWING PAGES FOR GUIDELINES FOR USING THESE RATES****

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 2.15%.

³ For graduate assistant salaries, HLD for FY05 was 2%, FY06 was 4%, and FY07 is estimated at 5.13%. These HLD rates should be added to benefit rates used for proposal purposes and reflect the annual increases in multi-year projects.

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.

Rate Application Guidelines

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, 2003 through June 30, 2007. 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). These rates are shown on the preceding page.

A FY04-07 MTDC Base

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
- 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.
- Equipment costing \$500-\$4999 (*expensed equipment*). NOTE: Expensed equipment is to be budgeted in proposals under "supplies," but identified as "expensed equipment." The campus has elected not to assess facilities and administrative costs on expensed equipment.
- Any other expenditure recorded in an expense account code 162XXX-199999.

As the definitions of equipment have changed over the last three years, please use the following chart to code expensed and capitalized equipment. These codes are not all-inclusive and you should refer to the account code tables for additional equipment types.

Dollar Value	Account Type	Account Range	Assessed F&A
<i>Not Tracked in Fixed Asset Module:</i>			
Equipment < \$100	12	122000 – 12499U	Yes
Equipment \$100 - \$499	12	126000 – 126999	Yes
Materials for Equipment Fabrication	12	128000 – 128999	No
Administrative Software < \$100,000 ¹	14	1538nnn	Yes
Research Software (any value)	14	1538nnn	Yes
<i>Tracked in Fixed Asset Module:</i>			
Equipment \$500 - \$2,499 (<i>not capitalized</i>)	12	127000 – 127999	No
Equipment \$2,500 - \$4,999 (<i>not capitalized</i>)	16	161000 – 161999	No
Equipment > \$4,999 (<i>capitalized</i>)	16	163000 – 163999	No
Administrative Software > \$99,999	16	168600	No

B Rates to Be Used in Proposals

The applicable rates to be used in proposals are shown on the rate chart preceding these guidelines.

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

The applicable FY2004-07 F&A rates should be used in all new and renewal proposals. The awarded rates are used in all other multi-year proposals. Using any other rates requires approval as described under *Waiver of Facilities and Administrative and/or Tuition Remission Cost* below.

For those projects awarded under FY04 Other Sponsored Activities (OSA) and Instruction provisional rates, the final predetermined rates are higher. However, for those projects awarded under the provisional rates, the University will honor those rates for the life of the award.

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.

¹ Refer to OBFS Business and Financial Policies and Procedures, Section 12.2 regarding software definitions.

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 Grants and Contracts Office); 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 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 FY04-07 TUITION REMISSION RATES

The Tuition Remission Rate of 37% is established by negotiation with 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 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 FY07 were effective July 2006 (BW15 and MN8 pay periods). These rates are finalized after federal audit and negotiations with any changes communicated at that time.

Each January, the SURS system announces the retirement rate to be effective the following July. The rate for employees who have elected the self-managed plan should be used as appropriate.

As shown in the fringe benefits schedule, units should be including Health and Dental/Vision benefits for graduate assistants in their proposal budgets. The rates for Grad Health plus Workers' Comp were 2.04% in FY05 and 4.03% in FY06. For FY07, the rate will be assessed at 5.26% (5.13% Health/Dental/Vision plus .13% Workers' Comp) beginning BW15 and MN7. Upon negotiation of the health benefits in the GEO contract effective Academic Year 06-07, this rate will be finalized and assessed at the full actual rate.

QUESTIONS

Please address any questions on rate applications in proposals to Penny Weaver, Assistant Director/Proposal Division in the Office of Sponsored Programs and Research Administration at 265-7679, pkweaver@uillinois.edu. Questions related to rate applications to project financial funds should be directed to Kay Williams, Director, Grants and Contracts Post-Award Administration at 333-4880, kayw@uillinois.edu.