### FACILITIES AND ADMINISTRATION (F&A) RATES

<table>
<thead>
<tr>
<th>Activity</th>
<th>On-Campus</th>
<th>Off-Campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>46.7%</td>
<td>24.0%</td>
</tr>
<tr>
<td>Sponsored Research</td>
<td>53.0%</td>
<td>24.0%</td>
</tr>
<tr>
<td>Other Sponsored Activities</td>
<td>24.9%</td>
<td>18.7%</td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
<th>Activity</th>
<th>On-Campus</th>
<th>Off-Campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>34.5%</td>
<td>34.5%</td>
</tr>
<tr>
<td>Sponsored Research</td>
<td>34.5%</td>
<td>34.5%</td>
</tr>
<tr>
<td>Other Sponsored Activities</td>
<td>34.5%</td>
<td>34.5%</td>
</tr>
</tbody>
</table>

*Base for Tuition Remission is salaries of graduate assistants with tuition waivers.*

### FRINGE BENEFITS

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Base</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees Covered By The State University Retirement System (SURS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement¹</td>
<td>Salaries &amp; Wages of employees with percentage appointments of 4 or more months duration</td>
<td>11.00%</td>
</tr>
<tr>
<td>Workers’ Compensation²</td>
<td>Total Salaries and Wages</td>
<td>0.01%</td>
</tr>
<tr>
<td>Health, Life, and Dental Insurance</td>
<td>Salaries and Wages of employees with 50% or greater appointments for nine months or more</td>
<td>16.28%</td>
</tr>
<tr>
<td>Termination Benefits</td>
<td>Salaries and Wages of employees with 50% or greater appointments for nine months or more</td>
<td>1.38%</td>
</tr>
<tr>
<td>Total for SURS employees hired before 4/1/86</td>
<td></td>
<td>28.67%</td>
</tr>
<tr>
<td>Medicare</td>
<td>Salaries &amp; Wages of employees with percentage appointments of 4 or more months duration</td>
<td>1.45%</td>
</tr>
</tbody>
</table>

| Total for SURS employees hired after 4/1/86 | 30.12% |
| Non-Student Employees not Covered by SURS, and Students Enrolled less than Half Time³ | 6.20% |
| Old Age Survivors and Disability Insurance (OASDI) | First $80,400 of Salaries and Wages | 1.45% |
| Medicare                                 | Salaries & Wages of all employees hired after April 1, 1986         | 0.01% |
| Workers’ Compensation²                   | All Salaries & Wages                                                 |       |

| Total for non-SURS employees and student enrolled less than half time | 7.66% |
| Graduate Assistant and Other Students Enrolled at Least Half Time³ | 0.01% |

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

¹ For employees who have elected the self-managed plan the rate is 7.6%

² Agency for International Development Overseas Workers’ Compensation rate is 1.44%

³ 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 covering the period July 1, 2000 through June 30, 2003 is in place (a prior predetermined rate agreement covered the period of July 1, 1999 through June 30, 2000). There are separate rates for Sponsored 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 above.

A FY00-03 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 (object codes 565X-566X). (Note: A subaward for $25,000 for two years has full F&A on the first year, and none on the second.)

For assessment and budgeting purposes, MTDC excludes the following direct costs:
- Subaward expenditures in excess of $25,000
- Equipment (including lease purchased and fabricated equipment) costing $5,000 or more.
- Equipment costing between $500 and $5,000 (expensed equipment). NOTE: Expensed equipment is to be budgeted in proposals under “supplies,” but identified as “expensed equipment.” No facilities and administrative costs will be assessed against expensed equipment. Expenditures for these items must be charged to object codes 27XX. By agreement with the Federal government, expensed equipment is included in the base used in the calculation of the facilities and administrative cost rate, but the campus has elected not to assess facilities and administrative costs on expensed equipment.
- Rentals and leases. The cost of renting or leasing any property or equipment is to be budgeted in proposals and charged to object codes as follows:
  43XX--equipment rentals
  57XX and 58XX--operating leases
  69XX--capital leases
- Graduate Assistant Tuition Remission
- Fellowships, Scholarships, and Traineeships (allowable only on sponsored training agreements)
- Any other expenditure recorded in an expense object code higher than 6299.
B Rates to Be Used in Proposals
The applicable rates to be used in proposals are shown above. They are to be used as illustrated in the sample budgets found on the GCO website: http://www.oba.uiuc.edu/gco

1. Projects Funded by U. S. Government, Commercial, and Private Sponsors
The applicable FY2000-03 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.

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.
- 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 and 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 criteria for utilization of the Off-Campus rate consists of all of the following:
1) Performance at the off-campus location must be on a continuous basis; intermittent performance is not sufficient;
2) The University personnel working or engaged on the project must be physically located at an off-campus site; and
3) The off-campus performance must be of sufficient duration, normally a full semester, summer term, or the period of performance of the sponsored agreement.

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 which 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 subsidiary ledger accounts 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 And Administrative Costs and/or Tuition Remission
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 or tuition remission, 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 and/or tuition remission costs. To seek such approval, direct the
  request to Janice M. Bahr, Associate Vice Chancellor for Research, and submit this
  approval with the proposal to the Grants and Contracts Office.

When a reduced facilities and administrative rate is approved, the graduate assistant
tuition remission rate is normally waived. However, the originating unit has the option of
requesting the tuition remission when the sponsor does not expressly prohibit this cost.
(Tuition remission cannot be charged to State of Illinois projects that use the 10% or
20% Total Direct Cost Rate.)

II  FY00-03 TUITION REMISSION RATES
The Tuition Remission Rate of 34.5% is established by negotiation with the federal
government. Effective July 1, 1999, the University of Illinois at Urbana-Champaign
modified the way graduate assistant tuition remission is shown in proposal budgets.

Tuition costs are now budgeted in proposals as a direct cost, but a direct cost which,
like equipment, is excluded from F&A assessment. There is no financial impact with
this change, but the UFAS object code used for direct charging of tuition remission is
985X, which is excluded from F&A assessment. The way this cost is represented on
proposal budgets varies according to sponsor budget formats. A sample of several
sponsor budgets and a “generic” format are available on the GCO website:
http://www.oba.uiuc.edu/gco.

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 a 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 exclude tuition remission as an allowable cost.**

### 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. The actual fringe benefit rate changes for FY03 are effective July 1, 2002. Use of fringe benefit rates in proposal budgets is shown in sample budgets on the GCO website: [http://www.oba.uiuc.edu/geo](http://www.oba.uiuc.edu/geo).

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.

**QUESTIONS**

Please address any questions on rate applications in proposals to Kathy Young (333-6323, kyoung@uiuc.edu), and rate applications to project financial accounts to Kay Williams (333-4880, kayw@uiuc.edu), Associate Directors, Grants and Contracts Office.