

Urbana-Champaign Campus and Central Administration
 FY01 Facilities/Administrative (F&A), Tuition Remission, and Fringe Benefit Rates

		Off-Campus
Instruction	46.7%	24.0%
Sponsored Research	53.0%	24.0%
Other Sponsored Activities	24.9%	18.7%
<i>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</i>		
		Off-Campus
Instruction	34.5%	34.5%
Sponsored Research	34.5%	34.5%
Other Sponsored Activities	34.5%	34.5%
<i>Base for Tuition Remission is salaries of graduate assistants with tuition waivers</i>		
		Rate
Employees Covered By The State University Retirement System (SURS)		
Retirement ¹	Salaries & Wages of employees with percentage appointments of 4 or more months duration	10.92%
Workers' Compensation ²	Total Salaries and Wages	0.01%
Health, Life, and Dental Insurance	Salaries and Wages of employees with 50% or greater appointments for nine months or more	12.40%
Termination Benefits	Salaries and Wages of employees with 50% or greater appointments for nine months or more	2.00%
		25.33%
Medicare	Salaries & Wages of employees with percentage appointments of 4 or more months duration	1.45%
		26.78%
Non-Student Employees not Covered by SURS, and Students Enrolled less than Half Time³		
Old Age Survivors and Disability Insurance (OASDI)	First \$80,400 of Salaries and Wages	6.20%
Medicare	Salaries & Wages of all employees hired after April 1, 1986	1.45%
Workers' Compensation ²	All Salaries & Wages	0.01%
		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 1.54%

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 provisional rate agreement covering the period July 1, 2000 through June 30, 2003 is in place (a 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 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 fringe benefit rate changes for FY01 were implemented effective July 1, 2000. Use of fringe benefit rates in proposal budgets is shown in sample budgets on the GCO website: <http://www.oba.uiuc.edu/gco>.

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), Assistant Directors, Grants and Contracts Office.