

UNIVERSITY OF ILLINOIS AT CHICAGO

Office of Business & Financial Services

Facilities & Administrative (F & A) and

Fringe Benefit Rates

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Departmental personnel are frequently required to prepare budgets for University activities including sponsored projects (i.e., grants and contracts). The budget generally includes salaries and wages of personnel, commodities, contractual services, travel, equipment, etc. Certain non-state accounts are required to budget for the payment of the cost of employee fringe benefits. Also, grant and contract projects are required to budget for University indirect costs. This document presents the current University of Illinois at Chicago (UIC) F & A and fringe benefit rates.

Section A is an itemization of the F & A Rates. Please note that the F & A Rates are approved on a predetermined basis (not subject to change). Section B provides fringe benefit rates for budgeting for sponsored project proposals. Sections C and D provide detailed information about the application of these rates to your budget. Section E is a list of contact persons that you may call if you have any questions about the rates or the application of the rates.

Fringe benefit rates are usually changed at the beginning of each fiscal year due to federal adjustments, actuarial studies and other economic factors. F & A and fringe benefit rates are the result of University cost studies that are audited by Independent Certified Public Accountants. The rates resulting from the audits require the approval of the Federal Government - Office of Naval Research (ONR).

Section A

SUMMARY OF F & A Rates

The F & A Rates for fiscal years 2001, 2002, and 2003 (July 1, 2000 to June 30, 2003) have been finalized and approved by the Office of Naval Research. These rates should be used for all new proposals, both federal and non-federal. The rates are predetermined and, thus, not subject to change. Proposals for non-competing continuations, incremental funding, and budget amendments for previously awarded federal projects should use the rates specified in the original award document.

Effective July 1, 2000, F & A rates are calculated as follows:

Activity	On Campus	Off Campus	Base
Organized Research	55.87%	26.00%	MTDC
Organized Research (DOD) Contracts after 11/30/93	63.44%	33.57%	MTDC
Instruction	46.52%	26.00%	MTDC
Instruction (DOD) Contracts after 11/30/93	62.76%	42.24%	MTDC
Other Sponsored Activities	32.74%	22.84%	MTDC
Tuition Remission*	34.50%	34.50%	S&W*
Clinical Drug Trials	25.00%	25.00%	TDC

See **Section D** for a detailed explanation of these rates.

*Effective 7/1/00 tuition remission recovery will be included as a direct cost on new federal awards and most new non-federal awards. Tuition remission will remain as an indirect cost on awards made prior to July 1, 2000. Tuition remission will continue to be calculated and applied to salaries and wages of graduate students with tuition waivers. A new object code, 9850, has been established to record tuition remission as a direct cost. (Reference - Deans, Directors, & Department Heads memo dated February 8, 2000 from Thomas L. Gardner regarding Tuition Remission Accounting Change).

Section B

FRINGE BENEFIT BUDGETING FOR SPONSORED PROJECT PROPOSALS

The amount charged to certain non state accounts for employee fringe benefits is based on several employee fringe benefit factors. These employee fringe benefit factors include the classification of employee, employee hire date, employee retirement options, and the enrollment status of student employees. The Fiscal Year 2003 rates are covered by a provisional agreement with the Office of Naval Research (ONR) dated March 1, 2002. Because this is a provisional agreement, the rates for HLD, workers compensation and terminal sick/vacation leave could change slightly at some point in Fiscal Year 2003. Frequently, sponsored project budgets are developed before the specific employees and the applicable fringe benefits are known. In such circumstances, the fringe benefit budget should be developed using the following rates:

Most academic and non-academic appointments 50% or more	28.60%
Most academic and non-academic appointments less than 50%	13.94%
Most graduate students and the other student employees	7.68%

The actual charges to certain non state accounts are based on the employee fringe benefit factors and rates as displayed in Section C.

Section C

FRINGE BENEFIT RATES
FISCAL YEAR 2003
DETAILED INFORMATION

	SURS (D)	FICA		Health Life & Dental Insurance	Workers Comp Gift, Grant, Contract, & MSP Accts. (G)	Terminal Sick/Vacation Leave (H)	TOTAL
		OASDI (E)	Medicare for Employees hired after April 1, 1986 (F)				
<u>Academic & Non-Academic Appointments of 50% or more & a continuous appointment (A)</u>	11.00%		1.45%	14.66%	0.03%	1.46%	28.60%
<u>Academic & Non-Academic Appointments of 50% or more & a non-continuous appointment (A) (B)</u>		6.20%	1.45%	14.66%	0.03%		22.34%
<u>Academic & Non-Academic Appointments of less than 50% with a continuous appointment (A)</u>	11.00%		1.45%		0.03%	1.46%	13.94%
<u>Academic & Non-Academic Appointments of less than 50% & a non-continuous appointment (A) (B)</u>		6.20%	1.45%		0.03%		7.68%
<u>Extra Help Employee (B)</u>		6.20%	1.45%		0.03%		7.68%

<u>Graduate Assistants on "G" appointments and Graduate Students on "H" appointments registered for 6 or more hours in the fall or spring term (3 or more hours in the summer)</u>					0.03%		0.03%
<u>Graduate Assistants on "G" appointments and Graduate Students on "H" appointments registered for less than 6 hours in the fall or spring term (less than 3 hours in the summer) or not registered in the current academic term (B)(C)</u>		6.20%	1.45%		0.03%		7.68%
<u>Hospital Residents</u>	11.00%		1.45%	14.66%			27.11%
<u>Student Employee with a "S" appointment, registered for six or more hours in the fall or spring term (three or more hours in the summer)</u>					0.03%		0.03%
<u>Student Employee with a "S" appointment, registered for less than six hours in the fall or spring term (less than three hours in the summer) (B)(C)</u>		6.20%	1.45%		0.03%		7.68%

(A) A continuous appointment is an appointment for a period of four continuous months or one academic term, whichever is less.

(B) Employees may avoid OASDI by paying at least 7.5% of their earnings into a defined contribution retirement system through payroll deduction. If the employee chooses this option, there is no University Contribution necessary for OASDI.

(C) Nonresident Alien Students on F and J visas are exempt from Medicare.

(D) SURS charges are applicable if the rate is indicated for the employee category selected.

(E) OASDI charges are applicable if the rate is indicated for the employee category selected.

(F) Medicare charges are applicable if the employee was hired after April 1, 1986.

(G) For Auxiliary Services the Workers' Compensation rate is 0.3%.

(H) Applies to employees paid from ledger 5 accounts only.

Section D

F & A RATES DETAILED INFORMATION

Fiscal Year 2001, 2002 and 2003 F & A rates have been finalized and approved by the Office of Naval Research. These rates should be used for all new proposals, both federal and non-federal. The rates for FY2001, FY2002, and FY2003 are predetermined and, thus, not subject to change. Proposals for non-competing continuations, incremental funding, and budget amendments for previously awarded federal projects should use the rates specified in the original award document.

Effective July 1, 2000, F & A rates are calculated as follows:

Activity	On Campus	Off Campus	Base
Organized Research ^A	55.87%	26.00%	MTDC
Organized Research ^{B,+}	63.44%	33.57%	MTDC
Instruction ^A	46.52%	26.00%	MTDC
Instruction ^{B,+}	62.76%	42.24%	MTDC
Other Sponsored Activities ^{A,B,+}	32.74%	22.84%	MTDC
Tuition Remission ^C	34.50%	34.50%	S&W*

Clinical Drug Trials^D 25.00% 25.00% TDC

^A Applies to DOD contracts awarded before November 30, 1993, and non-DOD contracts, grants, and all DOD grants.

^B Applies to DOD contracts (not grants) awarded on or after November 30, 1993 in accordance with and under the authority of DFARS 231.303(1).

^CEffective 7/1/00 tuition remission recovery will be included as a direct cost on new federal awards and most non-federal awards. Tuition remission will remain as an indirect cost on awards prior to July 1, 2000. Tuition remission will continue to be calculated and applied to salaries and wages of graduate students with tuition waivers. A new object code, 9850, has been established to record tuition remission as a direct cost.

^D This rate was established by the University during FY 1994 for non-federally funded clinical drug studies.

[±]Note: The Department of Defense has issued a ruling which prohibits the limitation on reimbursement of otherwise allowable indirect costs. The ruling mandates the use of the full calculated indirect cost rates developed under the OMB Circular A-21 principles without the imposition of the administrative cost limitation. This action requires the University to employ two different sets of F & A rates.

The appropriate rates indicated above should be used in the preparation of budgets for all proposals.

The rates for Organized Research, Instruction and Other Sponsored Activity are to be assessed to the Modified Total Direct Cost (MTDC) base, as defined below. The rate for graduate tuition remission is to be assessed only to graduate student salaries and wages (S&W).

The following definitions are used for the purpose of assessing F & A rates:

Instruction -

Includes all teaching (direct and indirect), course and curriculum development, and academic advising and development. Instruction also includes departmental research, defined as all research and scholarly development which: (1) is supported by University funds, (2) is not separately budgeted, (3) is not performed for a specific sponsored research agreement, and (4) is undertaken in general support of the instructional function of the institution.

Organized Research -

Includes all research and development activities that are: (1) separately budgeted and accounted for by the University, and (2) performed for specific research projects. Sponsored research means all research and development activities that are sponsored by federal and non-federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where activities use the same facilities

as other research and development activities and where such activities are not included in the instruction functions.

Other sponsored activities -

Includes sponsored program activities other than instruction or organized research. This definition includes grants and contracts in support of public service, administration, student services, and the library. Not included in the definitions are fellowships, work study and gifts in support of the same.

Tuition Remission -

Salaries of graduate assistants with tuition and fee waivers are the base for the assessment of the tuition remission rate.

Clinical drug studies -

These include studies performed for private sponsors which involve human subjects in drug protocols.

Total direct cost -

Includes all costs charged to a sponsored program account, excluding indirect costs, costs of education allowance and administrative allowances.

Modified total direct costs (MTDC) -

Total direct costs excluding:

1. The portion of each individual subgrant and subcontract in excess of \$25,000. Please note that an individual grant or contract may include several subgrants or subcontracts.
2. Equipment with an estimated life of one or more years and
 - a. An acquisition cost of \$500 or more, including components for fabrication of equipment which cost \$500 or more, or
 - b. Lease purchase agreements for equipment costing \$500 or more.
3. Arrangements under which federal financing is in the form of loans, scholarships, fellowships, traineeships or other fixed amounts based on such items as education allowances or published tuition rates and fees of an institution.
4. Patient Care Charges
5. Tuition remission included as a direct cost

Use of on-/off-campus rate -

The on-campus rate should be used for proposals where all work is done using University facilities. The off-campus rate should be used for periods when it is necessary that University personnel are physically located at an off-campus site for a substantial period (normally 30 days

or more) while engaged in the sponsored program. If a sponsored program is being simultaneously conducted both on- and off-campus, the University should budget and charge each portion separately. Note that efforts undertaken by subcontractors are not a factor in the determination of whether an on- or off-campus rate should be used.

Section E

Contacts:	Person	Phone
Grants and Contracts F & A Rates	John Ward Director of Grants and Contracts	996-5958
General Budgets	Russ Biskup Director of Budget & Financial Analysis	996-4951
SURS Social Security Retirement/Disability	Benefits Center	996-6470
Fringe Benefit Rates Charged to Accounts	Bill Hudecek Accountant III	996-7069