

## **Institutional F&A rates: Off Campus Rate Policies**

**Cornell University:** The College of Agriculture and Life Sciences (CALs) does not have an off-campus F&A rate. While CALs does not have an off campus rate, the institution accepts a rate of 18% of total direct costs from New York State (NTS) agencies and NYS commodity groups. For an explanation of the Cornell CALs F&A rates see: [Facilities and Administrative \(F&A\) Cost and IDC Rates](#).

**Penn State:** Penn State has a lengthy description of off campus F&A rates (see [Fringe Benefits and F&A Costs](#).) The off-campus F&A rate is 26%. The PSU F&A rate FAQ is appended to this document (see p2 for determination for on campus versus off campus rates.). PSU notes that "Off campus project" means research/instruction conducted at a research/instruction site or facility not owned or centrally leased by the University. The investigator should develop the budget according to where the anticipated costs will be expended, on-campus or off-campus. In allocating the anticipated costs, the investigator shall distribute the portion of direct salary and wages (including any cost sharing) that will be incurred off-campus excluding any cost to third party subcontractors. If the salary and wages anticipated to be incurred off-campus are greater than the salary and wages to be incurred on campus, the negotiated off-campus rate shall apply to the entire project. See Q4 in the attached FAQ for more detailed examples.

Principal Investigators shall work with their assigned research coordinators in building their sponsored budgets to determine the appropriate indirect rate. In reviewing and making the determination of the rate, the research coordinators shall review the project scope to ensure that the work truly involves costs conducted off-campus. When a determination cannot be easily made, the Office of Sponsored Programs or the Office of Corporate Controller shall be consulted to assist in rendering a decision.

**University of Rhode Island:** The URI policy on off campus F&A is simple: any project conducted at facilities not owned or leased by the University is considered off campus. The off campus rate is 26%. (The document that describes the F&A rates is appended.)

**University of Connecticut:** UCONN states that research performed in facilities not owned by the state and to which rent is directly allocated to the project, an off campus rate of 26% is applied. UCONN also notes that a project cannot have more than one F&A rate. If more than 50% of a project is performed off campus, the off campus rate prevails. See UCONN's [Facilities and Administration \(F&A\) Costs](#) for more detail.

**Rutgers University:** Rutgers notes that their F&A rates are negotiated with the HHS and the off campus research rate is 26%. Sponsored research projects are considered "on campus" if they reside in any building or on any property owned by the University and the majority (50% or greater) of project effort is expended at that site, no matter the location. Such projects must apply the "on campus" F&A rate to their budget and expenditures. To be considered "off campus", greater than 50% of the effort (as determined by the budget) of a project must be done

at a location not part of Rutgers. Personnel charges, supplies and equipment procurement charges, travel arrangements, are all typical examples of “on campus” charges even if the actual usage is “off campus”.

**University of Maryland:** UMD describes an off campus project as: the PI or a significant and identifiable portion of the project will be away from the PI’s campus facilities (i.e. office and laboratory) for the entirety of the project and at least three consecutive months. The project personnel will be performing work in accordance with the statement of work of the sponsored project while at the off campus location. Interestingly, UMD has off campus “adjacent” rates (27.5% modified total direct costs, MTDC) and off campus “remote” rates (26% MTDC). Adjacent is considered to be within 50 miles of College Park, MD. A summary of the UMD F&A policy is attached.

**University of Delaware:** UD defines off campus research as activities performed in facilities not owned by the institution. For all activities performed in facilities rented with institution funds, the on campus rate will apply. Grants or contracts will not be subject to more than one indirect cost rate. If more than 50% of a project is performed off campus, the off campus rate will apply to the entire project. The College of Agriculture has negotiated off campus rates of 28% with Federal agencies, 23.3% with state agencies, and 28% with industry.

**University of Massachusetts:** UMass uses two scenarios to determine off campus research F&A rate (currently 26%.) Scenario 1: Off campus F&A rates are applied when all project activities are performed in facilities that are not owned by UMass Amherst and rent is directly allocated/budgeted to the project. Scenario 2: off campus rates are applied where project activities are performed in facilities provided at no cost by another organization for longer than one semester or three summer months. Here are the stipulations:

- Qualifying project personnel must be budgeted for that period of time (1 semester or three summer months).
- Qualifying project personnel must be at the off-campus location continuously without interruption – there cannot be regular or intermittent travel back to UMass during that period.
- Home offices do not qualify as “off-campus”.
- The off-campus facility must be used in place of UMass Amherst facilities.
- The direct costs must be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate.

**University of Maine:** UME has a 26% off campus F&A rate that is determined using the following definition: If projects are principally conducted off-campus with occasional trips on-campus, the off-campus rates are used.

**University of Vermont:** UVM has two off campus research F&A rates: 26% if the work is undertaken outside of Burlington and 28% if the work is undertaken in Burlington. In situations where a project has a mix of activities and/or the work is performed both on campus

Institutional F\_A rate 2018 (September18, 2018)

and off campus, one rate may be applied to each proposal. It will be determined by where the majority of activity is performed and consideration of the purpose of the overall project. The rate will be used for the entire duration of an award's competing segment.

**University of New Hampshire:** Off campus F&A rates (26%) apply to activities performed in facilities not owned by UNH and to which rent is directly allocated to the project. More than 50% of the project activities and effort must be performed off campus. A description of UNH's research and F&A rates is attached.

**University of the District of Columbia:** UDC's agreement with HHS states that activities performed in facilities not owned by UDC and to which rent is directly allocated to the project, the off campus rate (26%) is charged.

## PSU F&A FAQ

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### Requesting Waivers of F&A

#### **Q1. When can F&A be waived or cost-shared?**

The following is a list of examples where some or all of PSU's F&A recovery is cost shared. Under the circumstances listed here, the prior approval of central administration is not required:

- Intergovernmental Personnel Act (IPA) agreements (per Section II,H(1) of PSU's F&A Rate Agreement)
- Domestic non-profit organizations with published guidelines prohibiting or limiting recovery of F&A (RA30).
- COP funding (except for a) federal flow-through funding, and b) certain programs which have a history of paying F&A)\*
- Ben Franklin Technology Partners projects\*
- Gifts (See RA04)
- Federal funds subject to a statutory cap on F&A (e.g., USDA, USDE)

Cost-sharing of F&A in all other cases must be approved by the Director of Sponsored Programs (for research awards) or the Associate Controller (for non-research awards).

\*F&A is never waived on federal flow-through funds, regardless of whether such funds are flowed through state government, local government, or Ben Franklin Technology Partners (unless cost-sharing of F&A has been approved).

#### **Q2. What should we do if a solicitation says that it "strongly encourages" cost-share of F&A, but does not require it?**

PSU must request full recovery of F&A in all such cases, unless the Director of Sponsored Programs or the Associate Controller have approved using some or all of the F&A as cost-share. In such cases, colleges/units may be expected to contribute some cost-sharing to the project as well. For example, colleges/units may be asked to contribute some of their Research Incentive Funds (RIF) to help offset the loss of F&A.

**Q3. What documentation should be provided when requesting a waiver of F&A?**

- Identify whether the project is research, instruction, or outreach.
- Explain the reason why the F&A waiver is being requested, which demonstrates a direct benefit to the student community or PSU.
- Calculate the dollar amount that will be lost to the university if the waiver is approved.
- Document the fact that the Research Dean or his or her surrogate is in agreement with requesting the waiver. (PI's should not be sending their requests directly to the Director of Sponsored Programs or the Associate Controller without consulting with their college administration. Research Deans have a vested interest in making sure their colleges recover as much F&A as possible.)
- Please note that the PI must submit a waiver request to the Office of Sponsored Programs (OSP) or the Corporate Controller's Office (CCO) prior to the submission of the proposal. F&A waivers related to research proposals must be submitted to Director of Sponsored Programs. F&A waivers related to non-research proposals must be submitted to Associate Controller.

**Determining on-campus vs. off-campus**

**Q4. How do we determine when to charge on-campus vs. off-campus rates?**

This distinction is defined in RA30. Blended rates are not allowed on restricted accounts. The following examples are offered to provide additional clarity:

Scenario 1

- Research will take place on a ship in the Arctic Ocean. The period of performance is for one year, and seven months of the work will take place on the ship. **If a majority of the costs will be incurred off-campus, then the entire project will be charged at the off-campus rate.**

- Research will take place on a ship in the Arctic Ocean. The period of performance is for one year, but the research on the ship will only be for 2 months. If a majority of the costs will be incurred on-campus, then the entire project will be charged at the on-campus rate.

#### Scenario 2

- Research will take place at a lab in CATO Park. Rental costs for the space are a line item in the grant. The project will be charged at the off-campus rate.
- Research will take place at a lab in CATO Park. Rental costs for the space are paid for centrally by the University. The project will be charged at the on-campus rate.

#### Scenario 3

- The project is instruction and involves courses that are created at University Park facilities, but taught at school districts or other venues where there is not a cost for the room that is charged to the grant, but is off campus. Majority of costs rules. If the majority of the cost is associated with the off-campus instruction, then the rate would be off-campus. If the off-campus component is but a small amount of the overall total project costs, then the rate is on-campus.
- The project is instruction and exclusively involves courses which are already created or "canned" but taught at school districts or other venues where there is not a cost for the room that is charged to the grant, but is off campus. The project will be charged at the off-campus rate.
- The project is instruction and involves courses that are taught at other Penn State Campus locations. The project will be charged at the on-campus rate.

#### Scenario 4

- The research is being done at the professor's home rather than their office. The project will be charged at the on-campus rate.

### Federal and Federal Flow-Through Funds

**Q5. How do we calculate F&A on USDA proposals?**

The following example is based on a sample RFA from the National Institute of Food and Agriculture, which states: "Section 716 of the Consolidated and Further Continuing Appropriations Act, 2015 (H.R. 83) limits indirect costs to 30 percent of the total Federal funds provided under each award. You should limit your request for the recovery of indirect costs to the lesser of your institution's official negotiated indirect cost rate or the equivalent of 30 percent of total Federal funds awarded."

There are two important points to take from this statement. First, 30% Total Federal Funds is mathematically equivalent to 42.857% Total Direct Costs. (Here's how that works: Let's say your total budget is \$100K. The maximum F&A you could recover would be 30% of the \$100K.  $\$30K/\$70K = .42857$ , so if you calculate \$70K in direct costs at 42.857% TDC, you get \$30K in F&A.)

The second point is that we cannot charge 42.857% TDC if such recovery would exceed our negotiated F&A rate (e.g., 51.9% MTDC for on-campus research in FY15). If there are no exclusions (capital equipment, tuition, subcontract amounts greater than \$25K, participant support costs), then 42.857% TDC is always going to be less than 51.9% MTDC. But if you have any significant exclusions in your budget, it is likely that 51.9% MTDC will turn out to be less than 42.857% TDC. The easiest way to deal with this is to calculate the budget both ways and use whichever F&A amount is lower.

**Q6. Should PSU recover F&A on all federal flow-through funds? Yes. PSU should receive the same level of F&A on federal flow-through funds as it would receive if it were contracting with the federal agency directly.**

Section E of our federally approved [F&A rate agreement](#) says the following: "The rates set forth in Section I hereof were negotiated in accordance with and under the authority set forth in 2 CFR 200. Accordingly such rates shall be applied to the extent provided in such regulations to grants, contracts and other transactions to which 2 CFR 200 is applicable . . ."

2 CFR 200 states the following:

"Pass-through entity means a non-Federal entity that provides a subaward to carry out part of a Federal program" ([200.74](#)).

"A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract" ([200.92](#)).

"All pass-through entities must ensure that every subaward is clearly identified to the subrecipient and includes the following information . . . (4) An approved federally recognized

indirect cost rate negotiated between the subrecipient and the Federal Government . . . " ([200.331](#)).

"The principles also must be used by the non-Federal entity as a guide in the pricing of fixed-price contracts and subcontracts where costs are used in determining the appropriate price" ([200.401](#)).

**Q7. When should I use the uncapped Department of Defense (DoD) rate?**

The uncapped DoD rate is negotiated for use on all DoD contract proposals (awarded on or after November 30, 1993). This applies to DoD contracts issued directly to Penn State and to subcontracts issued to Penn State under DoD contracts (also known as DoD flow-through).

However, Penn State administration has decided to submit such proposals at the (lower) capped rate, as long as the total proposal is for less than \$1 million/year. Proposals previously submitted at uncapped rates will be awarded at whatever uncapped rates are in effect at the time of the award. Proposals submitted at capped rates will be awarded at whatever capped rates are in effect at the time of award. Penn State has approved use of the (lower) capped rate through the end of FY18. It is yet to be determined whether this policy will apply to future year proposals (FY19 and forward).

**Q8. Which rate should I apply to an NIH grant at the time of award?**

Per Part 7.4 of the the NIH Grants Policy Statement (Nov. 2016), we should be using the F&A rate in effect at the beginning of the competitive segment, NOT the Federal Award Date.

The verbiage reads: "Regardless of the type of recipient, the rate(s) in effect at the beginning of the competitive segment will be used to determine the amount budgeted for F&A costs for each year of the competitive segment. If the rate agreement does not extend to the end of the project period, the last rate in effect will be used to establish the total cost commitment for any remaining future years. NIH generally will not award additional F&A costs beyond those calculated in the approved budget."

This information was confirmed with Michelle Bulls, Director, Office of Policy for Extramural Research Administration at NIH, at the 2017 NCURA annual conference.

**Q9. Which rate should I apply to an NSF grant at the time of award?**

Per Chapter X.D.1. of the NSF Proposal and Award Policies and Procedures Guide (NSF 17-1), we should be using the F&A rate in



effect at the beginning of the competitive segment, NOT the Award Date.

The verbiage reads: "Federal agencies must use the negotiated rates except as provided in paragraph (e) of §200.414 Indirect (F&A) costs, in effect at the time of the initial award throughout the life of the Federal award. Award levels for Federal awards may not be adjusted in future years as a result of changes in negotiated rates. "Negotiated rates" per the rate agreement include final, fixed, and predetermined rates and exclude provisional rates. "Life" for the purpose of this subsection means each competitive segment of a project. A competitive segment is a period of years approved by the Federal awarding agency at the time of the award. If negotiated rate agreements do not extend through the life of the Federal award at the time of the initial award, then the negotiated rate for the last year of the award must be extended through the end of the life of the Federal award."

### **State and State Flow-Through Funds**

**Q10. Is the Commonwealth of Pennsylvania (COP) required to inform us when they are providing federal flow-through funds to PSU?  
Yes.**

Section 3.a. of the Pennsylvania Governor's Office [Management Directive 305.21](#) (Amended) states that "All payments of federal and state financial assistance made by Commonwealth agencies to local governments and other subrecipients must be identified by federal and state dollars expended and related federal and state financial assistance program names and numbers." ("Financial assistance" is defined in 305.21 as including federal grants, contracts, cooperative agreements, and appropriations.)

Furthermore, PSU is required to know when it is in receipt of federal funds (and the CFDA number, if applicable) in order to complete its federal audit obligations as defined in [Subpart F](#) of the Uniform Guidance.

**Q11. What should we do if we don't know the source of the COP funds?**

The research administrator should ask the COP agency at the proposal stage whether the funding is state or federal (citing 305.21 and the Uniform Guidance above as justification). If the COP agency cannot identify the source of funding at the proposal stage, we ask that the budget be submitted with the appropriate federally negotiated rate. This will prompt the COP agency to reply if the monies are not federal. If the project is later determined to be 100% state funds or a combination of state and federal, the F&A can be recalculated at that time.

**Q12. Should we request F&A when we are receiving mixed funding (state and federal) from the COP? Yes.**

If we do not know the ratio of funding is at the time of the proposal, we will submit the proposal at the federal rate. This can be adjusted at the time of the award if the state provides documentation indicating the specific sources of funding.

**Q13. I understand that PSU previously did not charge any F&A if a project included even a dollar of Commonwealth funds. Is this no longer PSU practice? Yes.**

This practice was ended in 2008. All proposals should be submitted in accordance with PSU's policy (as reflected in the answers to Q8 and Q9 above).

**Q14. If COP funds are passed through another organization (such as a for-profit company, a local government, or another non-profit), should we treat these funds as state flow-through funds (charging no F&A), or do we charge our full federally-approved F&A rate?**

F&A will not be charged on state funds flowed through local governments, school boards, or Ben Franklin Technology Partner projects. State funds flowed through for-profit industries and other non-profit organizations will be subject to PSU's standard F&A rate.

### **Industry Sponsors**

**Q15. When should the industrial surcharge be applied?**

We charge an additional 5% F&A on industrial-sponsored projects. This does not include federal funds flowed through industry sponsors.

### **Clinical Trials**

**Q16. What F&A rate do we charge for clinical trials?**

We do not have a separately negotiated rate agreement for clinical trials, but it is customary to pay 26% total direct costs for clinical trials sponsored by industry. All other trials would use the federally-negotiated rate. A project will be considered a clinical trial if it meets either of the following definitions:

- a) The project is registered on <http://ClinicalTrials.gov>,  
or
- b) The project is a controlled, clinical testing of  
Investigational New Drugs (INDs) or Investigational

Devices (IDEs) using either a sponsor or investigator developed protocol under an FDA Phase I, II, III, or IV drug study or an FDA-regulated medical device study, or the controlled clinical testing of a protocol performed under the sponsorship of an approved national cooperative consortium for clinical trial services.

Projects involving animal subjects should not be classified as clinical trials. )

### **Foreign Governments**

**Q17. If a foreign sponsor refuses to pay F&A, can it be waived?**

The U.S. Government pays full F&A; it would be inappropriate to charge a foreign organization less than what we charge our own government. Only under very rare circumstances would PSU agree to cost-share F&A on a foreign sponsored project. An alternative to the charging of F&A may be the direct charging of costs typically reimbursed as F&A.

### **Fellowships**

**Q18. What F&A rate do we charge on fellowships?**

PSU does not normally collect F&A on fellowships. However, if a fellowship permits recovery of F&A (or other administrative costs), PSU should pursue it. Fellowships are generally issued to students, but some faculty members receive prestigious fellowships as well (e.g., Fulbright fellowships, Guggenheim fellowships, Honda fellowships, etc.).

### **Miscellaneous**

**Q19. When is it appropriate to direct charge administrative or clerical salaries?**

Administrative and clerical salaries cannot be direct charged to a federal project unless a [Cost Accounting Justification Form](#) has been completed. Additional guidance can be found in RA21 (Direct Labor) and 2 CFR [200.413](#)(c).

It is acceptable to direct charge administrative and clerical salaries on state, industrial, foundation, etc. projects that do not involve federal funding. For non-federal sponsors that prohibit or limit the recovery of F&A, it is imperative that they pay the full costs associated with administrative and clerical support.

**Q.20. When is it appropriate to charge F&A on charitable grants?**

Charitable Grants are defined in RA04. If the grantor is a domestic non-profit with published guidelines limiting recovery of F&A, the University will accept the reduced F&A rate. (See RA30 for additional detail.) In the absence of published guidelines, the University will assess F&A at 15% Total Costs, unless an alternate rate is approved by the Vice President for Research or the Corporate Controller, in consultation with the Senior Vice President for Development and Alumni Relations when appropriate. It should be noted that if the grantor is a for-profit entity and the Charitable Grant is closely tied to a pre-existing or simultaneously awarded sponsored activity, it will be evaluated on its specific merits to determine if full F&A should be assessed.

**Q.21. What F&A should be assessed on Industry Membership Agreements?**

Industry Membership Agreements are assessed F&A at 15% Total Costs. See RA04 and RAG05 for further guidance.

**Q.22. Should F&A be assessed on editorships?**

Journals will sometimes provide funding to help faculty members cover the costs of supplies, communication, and other costs associated with journal editing. F&A will not be assessed on editorships less than \$10,000/year. Contractual terms and conditions should be forwarded to the Office of Sponsored Programs (OSP) for review. Editorships \$10,000 or greater also should be reviewed by OSP. Editorships (less than \$10,000) not subject to contractual terms and conditions can be managed out of Miscellaneous General Research (MGR) funds.

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Saved: H:\Web Rates\FAQs

Located on web: <https://www.research.psu.edu/sites/default/files/FAFAQ.pdf>

The Negotiated Indirect Cost Rate Agreement between the University and the US Department of Health and Human Services has established the indirect cost rates shown below. Effective immediately, these are to be used in proposal budgets through Fiscal Year 2016.

The indirect cost rates contained herein are for use on all grants and/or contracts with all agencies in accordance with the cost principles mandated by the Office of Management & Budget.

**Organized research** *R&D* means all research activities, both basic and applied, and all development activities that are performed by non-Federal entities. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

“Research” is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. “Development” is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

- **Basic research** is defined as systematic study directed toward fuller knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind.
- **Applied research** is defined as systematic study to gain knowledge or understanding necessary to determine the means by which a recognized and specific need may be met.
- **Development** is defined as systematic applications of knowledge or understanding directed toward the production of useful materials, devices, and systems or methods, including design, development and improvement of prototypes and new processes to meet specific requirements.

**Sponsored training** means specific instructional or training activity established by grant; contract, or cooperative agreement.

Any project for which the purpose is to instruct any student at any location; recipients of this instruction may be URI students or staff, teachers or students in elementary or secondary schools, or the general public; Curriculum development projects at any level, including projects that involve evaluation of curriculum or teaching methods; such evaluation may be considered “research” only when the preponderance of activity is data collection, evaluation, and reporting; Projects that involve URI students in community service activities for which they are receiving academic credit; Activities funded by awards to departments or schools for the support of students; Dissertation work funded by grants, including grants for travel in relation to a dissertation; Upward Bound Program, bringing local students on campus for classes; General support for the writing of textbooks or reference books, videos, or software to be used as instructional materials

**Other sponsored activities** means programs and projects financed by Federal and non-Federal agencies and organizations which involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects and community service programs.

**Agricultural Experiment Station** means activities supported by the four federal AES formula grants (“Land Grants”) awarded to the College of Resource Development: Hatch, MacInyre-Stennis, Regional Research, and Animal Health. The AES rate is applicable only to these four grants and is listed here for information purposes only.

**Ship/Marine Tech** means sponsored activities involving costs for the University’s research vessels or for the services of the University’s Marine Technicians unit at GSO.

Cost Principles for Educational Institutions” requires the institution to organize its sponsored expenditures into certain defined functional activities. These costs are then used to develop the Facilities & Administrative (F&A) rates, negotiated with the federal government, to reimburse [F&A costs](#) for the activity.

**DEFINITION OF ON-CAMPUS RATE:** The on-campus rate is applicable to those projects conducted at facilities owned or leased by the University of Rhode Island.

**DEFINITION OF OFF-CAMPUS RATE:** The off-campus rate is applicable to those projects conducted at facilities not owned or leased by the University of Rhode Island.

**PARTIALLY ON AND OFF CAMPUS PROJECTS:** In instances where the combination of on-campus and off-campus activities are taking place, then either the on-campus or the off-campus rate should be applied, consistent with where 75% of the work is to be performed.

**Rates for All FEDERAL Grants & Contracts  
July 1, 2013 through June 30, 2017**

<b>RATE</b>	<b>*BASE</b>	<b>**APPLICABLE TO</b>	<b>***LOCATION</b>
53.50%	(a)	Organized Research	On Campus
55.00%	(a)	Sponsored Training/Instruction	On Campus
46.00%	(a)	Other Sponsored Activities	On Campus
50.00%	(a)	Agricultural Exp Station	On Campus
26.00%	(a)	Ship/Marine Tech	All Locations
26.00%	(a)	Organized Research	Off Campus
26.00%	(a)	Sponsored Training/Instruction	Off Campus
26.00%	(a)	Other Sponsored Activities	Off Campus
26.00%	(a)	Agricultural Exp Station	Off Campus

\*Allocation Base (a): Modified Total Direct Costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subcontracts up to the first \$25,000 of each subcontract (regardless of the period covered by the subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subcontract in excess of \$25,000\*.

\*This means that the first \$25,000 of each subcontract is subject to the full indirect cost rate. \*\*For definitions or information about applicable categories and any other indirect cost matters, call the Specialist assigned to your college

**Rates for All FEDERAL Grants & Contracts  
July 1, 2012 through June 30, 2013**

<b>RATE</b>	<b>*BASE</b>	<b>**APPLICABLE TO</b>	<b>***LOCATION</b>
53.00%	(a)	Organized Research	On Campus
55.00%	(a)	Sponsored Training/Instruction	On Campus
46.00%	(a)	Other Sponsored Activities	On Campus
50.00%	(a)	Agricultural Exp Station	On Campus
26.00%	(a)	Ship/Marine Tech	All Locations
26.00%	(a)	Organized Research	Off Campus
26.00%	(a)	Sponsored Training/Instruction	Off Campus
26.00%	(a)	Other Sponsored Activities	Off Campus
26.00%	(a)	Agricultural Exp Station	Off Campus

**Rates for All FEDERAL Grants & Contracts  
July 1, 2010 through June 30, 2012**

<b>RATE</b>	<b>*BASE</b>	<b>**APPLICABLE TO</b>	<b>***LOCATION</b>
52.00%	(a)	Organized Research	On Campus
55.00%	(a)	Sponsored Training/Instruction	On Campus
46.00%	(a)	Other Sponsored Activities	On Campus
50.00%	(a)	Agricultural Exp Station	On Campus
26.00%	(a)	Ship/Marine Tech	All Locations
26.00%	(a)	Organized Research	Off Campus
26.00%	(a)	Sponsored Training/Instruction	Off Campus
26.00%	(a)	Other Sponsored Activities	Off Campus
26.00%	(a)	Agricultural Exp Station	Off Campus

Note: The current rate for URI State Sponsored grants and contracts is 25%

## **Application of Facilities & Administrative Costs (F&A) Rates to Sponsored Projects**

F&A cost rates are applicable to all sponsored projects, i.e. grants, contracts, cooperative agreements, subgrants and subcontracts funded by Federal, state or private sponsors. The application of these rates allows UMD to recover certain costs (e.g. facilities, utilities, libraries, administration, student services, etc.) associated with externally funded activities that, although they are true costs that are incurred, cannot be identified specifically with a particular project or activity. The Federal Government determines the rate that is necessary to collect these costs from sponsored awards. Therefore, any reduction in the allowable rate is considered cost sharing, and UMD must recover those costs from other sources.

### **How to Determine F&A Rates:**

#### **Step 1: Sponsor Program Guidelines**

The first step in determining the appropriate F&A rate is to read the sponsor program guidelines. If there is a limitation on F&A, the program guidelines or announcement will list the rate that should be used. If the guidelines do not mention F&A or do not indicate that something other than the applicable Federal approved F&A rate should be used, then the federally approved rate should be used.

#### **Step 2: Identify Award Type for Your Project**

The next step in determining the appropriate rate is to establish what type of project you have.

- Organized Research;
- Instruction and Training;
- Other Sponsored Activities: or
- Intergovernmental Personnel Act Agreements.

### **Types of Awards:**

#### **A) Organized Research**

Organized Research is described as all research and development activities that are sponsored by Federal and non-Federal agencies and organizations.

Examples of sponsored research include:

- Awards to UMD faculty to support research activities
- External funding to maintain facilities or equipment and/or operation of a center facility which will be used for research
- External support for the writing of books, when the purpose of the writing is to publish research results
- Data collection, evaluation, analysis and/or reporting

#### **B) Instruction and Training**

Sponsored Instruction is defined as teaching and training activities at UMD funded by grants, cooperative agreements and contracts from Federal or non-Federal sponsors.



Sponsored Instruction includes:

- Any project for which the purpose is to instruct any student at any location; recipients of his/her instruction may be UMD students or staff, teachers or students in elementary or secondary schools, or the general public
- Curriculum development projects at any level, including projects which involve evaluation of curriculum or teaching methods. Note that such evaluation may be considered “research” when the preponderance of activity is data collection, evaluation and reporting
- Projects which involve UMD students in community service activities for which they are receiving academic credit
- Activities funded by awards to departments or schools for the support of students
- Fellowship support for pre-doctoral and post-doctoral training activities, which may include grants to fund dissertation work and travel in relation to a dissertation
- General support for the writing of textbooks or reference books, video or software to be used as instructional materials

### **C) Other Sponsored Activities**

Other Sponsored Activities means programs and projects financed by Federal and non-Federal agencies & organizations which involve the performance of work other than Instruction and Organized Research.

Examples of Other Sponsored Activities include:

- Travel grants
- Support for conferences, seminars or workshops
- Support for University public events such as “lively arts”
- Support for University extension activities
- Support for student participation in community service projects which do not result in academic credit
- Support for projects pertaining to library collections, acquisitions, bibliographies or cataloging
- Programs to enhance institutional resources, including computer enhancements, etc.
- Health services projects

### **D) Intergovernmental Personnel Act Agreements (IPAs)**

IPAs allow for the temporary assignment of personnel between the Federal Government and UMD to facilitate cooperation between both parties.

### **Step 3: On or Off Campus Rate Determination**

Next, determine if your project qualifies for use of the on campus, off campus or a combination of both on and off campus rates.

An on-campus project is one in which the PI and the project activities all occur on the UMD campus or in campus-owned facilities.

An off-campus project is one in which the PI or a significant and identifiable portion of the project will be away from the PI's campus facilities (i.e. office and laboratory) for the entirety of the project and at least three consecutive months. The project personnel will be performing work in accordance with the statement of work of the sponsored project while at the off campus location.

An on/off campus project is one in which activities are occurring both on and off campus. To have an on and off campus budget, the off-campus activities must exceed 25% of the direct costs of the budget **AND** the PI or a significant and identifiable portion of the project will be away from the PI's campus facilities (i.e. office and laboratory) for a minimum of three **consecutive** months. If a project has both on and off campus components, the budget needs to be apportioned appropriately.

Currently, there are two types of off campus rates applicable to projects conducted in facilities not owned by UMD. An off campus "remote" rate at 26% Modified Total Direct Cost (MTDC) will be for activities performed outside the commuting area of College Park. An off campus "adjacent" rate of 27.5% MTDC will be for activities performed within the commuting area (50 miles) of College Park.

Off campus rates can only be used relative to the effort of a University employee. The performance of non-university personnel must be handled via a subaward to another institution or a consulting agreement. **Subawards** must include full on campus F&A on the first \$25,000 of the subaward, unless an entire project is being conducted off campus. **Consulting** agreements and other procurement actions are charged the full on campus F&A rate on the entire amount of the procurement action, unless an entire project is being conducted off campus. If an entire project is being conducted off campus, then the appropriate off campus rate should be charged to subawards and procurements, including consulting agreements.

Once the project type and location are determined, the appropriate Federal approved rate should be applied. Current rates and information regarding the F&A waiver process can be found at <http://www.ora.umd.edu/resources/fa>

Federal rates should be used with state and private sponsors, and must be used if UMD will be a subawardee on a Federal prime award.

### **Questions?**

Questions can be directed to your ORA contract administrator. <http://www.ora.umd.edu/staff>

(Updated 3/4/16)



# UNIVERSITY OF NEW HAMPSHIRE SPONSORED PROGRAMS ADMINISTRATION

## Application of the Appropriate Facilities & Administration (F&A) Rates Sponsored Research, Instruction, and Other Activities (With Examples)

### Introduction

UNH's Office of Sponsored Programs Administration (SPA) is responsible for determining applicability of the appropriate F&A rate. Principal Investigators who believe an off-campus F&A rate is applicable to their project should carefully review this guidance and examples. If an off-campus rate appears applicable, the PI should contact their GCA early in the proposal/budget development process to secure SPA approval of the off-campus rate. This approval must be in place prior to routing a proposal for submission to the sponsor.

UNH's negotiated Facilities & Administration ("F&A," "indirect," or "overhead") rate agreement establishes different F&A rates for federally funded organized research, instruction, and other sponsored activities based on where those activities are performed.

### Organized Research

Organized Research is research and development (R&D) activities of an institution that are separately budgeted and accounted for, including federally sponsored R&D, federally supported research training activities that occur in conjunction with, and in the same facilities as, the federally funded R&D activities, and university research and development that is supported by institutional funds.

R&D activities include the following subcategories:

- A. Basic Research is undertaken primarily to acquire new knowledge without particular application or use in mind.
- B. Applied Research is conducted to gain the knowledge or understanding to meet a specific, recognized need.
- C. Development is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes

Additionally, the training of individuals in research techniques (e.g. externally-funded research training grants) that occur in the same facilities in which R&D is conducted is categorized as Research (rather than Instruction). Characteristics of R&D include systematic investigation; contributions to generalized knowledge; supporting, refining or refuting other research studies; production of research outcomes; intent to publish or disseminate results, etc. R&D varies greatly by field.

The following are examples of sponsored research projects:

- Scientific laboratory or field research
- Searching for applications of new research findings or other knowledge
- Conceptual formulation and design of possible product or process alternatives
- Statistical studies
- Literary interpretations or criticisms
- Health-related studies
- Research on teaching effectiveness
- External funding to develop and maintain facilities or equipment and/or operation of a center or facility which will be used for research
- Creation of academic and professional publications

- Scholarship or writing of books, when the purpose of the writing is to publish research results
- Awards to departments, units or schools for the support of the training of research techniques of students or postdoctoral scholars, e.g., research training grants

## Instruction

Instruction means the teaching and training activities of an institution financed by federal, state and private agencies and organizations. Except for research training as described above, this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through regular academic departments or separate divisions, such as a summer school division or an extension division. It includes activities that are part of the University's instruction program to communicate educational content for-credit and not-for-credit courses.

Examples include:

- Teaching
- Course and curriculum development
- Academic advising and development

## Other Sponsored Activities

Other Sponsored Activities are programs and projects financed by federal, state and private agencies and organizations which involve the performance of work other than instruction and organized research.

Examples include:

- Purchases for infrastructure that do not impact any research
- Travel grants
- Support for University public events
- Support for teachers or students in elementary or high schools for outreach purposes
- Support for library collections or art museums, etc.
- Support for activities where there is no training of students, data collection or evaluation of any kind

Public Service is one of the more common activity types that generally falls under Other Sponsored Activities. It is characterized as the delivery of professional (non-instructional) services to individuals and groups external to the University.

Examples of public service include:

- Health service projects
- Community service projects
- Community health clinics
- Public broadcasting services
- Museum and gallery exhibits
- Conferences, seminars and workshops
- Special events open to the public

When distinguishing between Public Service and Research and Development, consider if the Principal Investigator would conduct the project or work without an evaluation of outcomes or any academic

recognition for the project such as publication of results and/or presentation of results at an academic meeting, then the project would be categorized as Public Service.

UNH's negotiated F&A rate agreement recognizes that federally funded research, instruction, and service activities may occur either on-campus or off-campus or a combination of locations, and that the University's entitlement to recovery of overhead costs varies depending on where the majority of the funded activities take place. The following definitions should be used to assure accurate application of off-campus F&A rates to federally funded projects, including subawards made to UNH by prime recipients of federal grants, contracts, and cooperative agreements.

**Off-Campus** is defined as research that is conducted in space not owned by the University and not otherwise paid for by the University from University funds. For space used for off-campus research, an external source (typically, a research sponsor) provides funding, either paying directly for space or reimbursing the University for its costs in renting or leasing the space, or otherwise directly providing space for research at no charge to the University.

There is a significant difference between the rates for on-campus and off-campus activities. This differential represents the overhead costs of campus facilities, equipment, maintenance, utilities, communications and IT systems, and library operations that are available to the faculty investigator/project director and may be utilized in the conduct of the sponsored project.

The off-campus rates may be applied for federally sponsored grant, contract, or cooperative agreement activities when the project activities occur in facilities **not** owned by UNH and when rent for those facilities is treated as a direct cost in the project budget and reimbursed by the sponsor or provided by the sponsor at no charge. Additionally, the off-campus rate only applies if more than 50% of the project activities are performed in or out of such rented facilities. If 50% or less of the project activities is performed in such rented facilities, the on-campus rate prevails.

Rental costs charged as direct costs are excluded from the base to which the F&A rate is applied.

Routine field work, such as data and sample collection for environmental research, collection of observational data in local public schools for educational research, or manuscript review at an out-of-state library for historical research, does not constitute off-campus research. Likewise, short-term rental of space in the community for delivery of project services or activities do not qualify a project for the off-campus F&A rate unless facility rental costs charged to the project are substantial. In these cases, project personnel typically retain office space on-campus and access to university infrastructure and resources from which they develop their projects, conduct experiments and analyze samples and data, and prepare reports and manuscripts. Significant use of these on-campus resources likely entitles the University to collect F&A to cover facilities costs.

Although F&A rates are federally negotiated, UNH applies these rates to all sponsored activity, regardless of sponsor type. Thus, the appropriate federally negotiated F&A rate should be applied to all sponsored projects based on performance location unless the sponsor has a published policy that limits F&A recovery (e.g., the 8% training limit applied by some agencies). In particular, full F&A must be included in research proposals for business and industry sponsors. Fixed price agreements with these business and industry sponsors that are based on fully burdened costs may be particularly appropriate. Researchers are strongly encouraged to consult with their GCA prior to initiating or participating in any discussions of project cost and F&A application with sponsors to ensure appropriate project costing.

Requests to apply an off-campus F&A rate for projects that do not meet the federal definition of "off-campus" in UNH's F&A rate agreement will not be approved by SPA. Any reduction in the applicable F&A rate must be approved through the University's established F&A waiver process. If the PI/PD wishes to make a case for a lower F&A rate based on project location, he/she should clearly explain the nature, location, and duration of the off-campus work and its proportion of the total project. Details of ownership to any off-campus facilities to be utilized and rental or use agreements for those facilities should also be included. (Note that hotel sleeping rooms and rented residential space when an individual is in travel status are not considered off-campus facilities.)

Because the Federal government does not provide detailed guidance on how to determine the portion of project activities being conducted off-campus, determining the applicable F&A rate is not an exact science. In its review to determine if the >50% threshold is met for off-campus designation, SPA will take into consideration where project personnel effort will be expended, where expenditures will be incurred, the facilities rental payment in comparison to total direct costs of the project, the duration of the rental agreement in relation to the project period, whether project personnel have assigned space on-campus, with access to library and research facilities, while work is performed in the rented facility, and other pertinent factors. Federal intent of an off-campus rate and ability of the rate decision to withstand audit will also be considered.

The examples below provide additional guidance for--and illustrate some of the complexities of--selecting the appropriate F&A rate. The Office of Sponsored Programs Administration is available to assist investigators in selection of the appropriate rate. Investigators who wish to apply an off-campus rate based on reasonable justification when the Federal definition of off-campus is not satisfied are encouraged to submit their proposal and F&A waiver request well ahead of the proposal deadline to accommodate review of the request and action by the Senior Vice Provost for Research.

## Examples

1. Dr. Zee is seeking funding from the Department of Defense for a twelve month pilot study to investigate a new intensive therapy treatment for traumatic brain injury. He will recruit veterans for the study at the local VA facility where he will have access to a small therapy room and office at no cost. He will conduct treatment interventions and collect data, using his UNH laptop computer, in these facilities four mornings a week for nine months. When data collection is complete, Dr. Zee will use the UNH-licensed SAS software on his office computer in his office to analyze the data. He estimates he will spend about 240 hours doing the statistical analyses and interpretations. However, he expects to do most of his technical report writing and manuscript preparation on his home computer on Saturdays and Sundays. What is the applicable F&A rate for Dr. Zee's project?

Answer: On-Campus. Although Dr. Zee plans to spend a significant amount of time at the VA clinic providing experimental therapy and collecting data and comparatively little time in his office crunching data, there is no rental charge for the space he will be using at the VA. Work undertaken at home using personal equipment has no bearing on applicable F&A rates. Therefore, the on-campus F&A rate applies.

2. Dr. Oh is proposing to collect observational data on K-3 students across the state in an application to the Department of Education's Institute for Education Research. She will visit two randomly selected schools in each county to collect the data. She knows she will spend far more time in travel status doing the data collection than she will back in her office doing the coding, analyzing, and report writing. Should Dr. Oh use the on- or off-campus F&A rate?

Answer: On-Campus. Although Dr. Oh will be spending a lot of time in remote locations, she is not using rented facilities for project activities in those locations. She may do some data coding in her hotel room each night, but the hotel cost is a travel cost. Therefore, with no facilities to be rented and charged to the project, the on-campus F&A rate applies.

3. Dr. Emm is applying for a DARPA grant to design and build a prototype of a new type of 3-D virtual reality room that can simulate seismic movement, climatic conditions such as high humidity and dust storms, and even environmental scents and odors. UNH does not have the secure space on campus that is needed for a project of this scope and sensitivity. In the past, Dr. Emm has worked with a local company on other high tech projects. The company has excess warehouse capacity in Dover; one particular building would be ideal for this project. Dr. Emm secures a commitment from the company to provide the space for the project for three years. Which F&A rate should Dr. Emm use in her project budget?

Answer: It depends. If the company makes the space available rent-free because of the excellent working relationship with Dr. Emm or because the company will be a subawardee and will include the cost of the space as a direct cost in its subaward budget, then the on-campus rate applies. However, if the company will charge rent for the space and Dr. Emm includes the rental costs as part of the direct cost in the UNH project budget, the off-campus rate applies. But suppose this funding opportunity is capped at a certain dollar amount. Dr. Emm needs as much money as possible for personnel, equipment, and supply costs to build the prototype so she makes an arrangement with her dean and department chair to use all their shares of recovered F&A to pay the rental costs. In this case, the on-campus rate applies because the rent is not being charged directly to the sponsor (i.e., the federal government is only paying once for facilities costs via the on-campus rate).

4. Dr. Jay is proposing a major social sciences data collection and research project that involves extensive telephone interviewing. He will train eight graduate students to conduct the interviews. However, he does not have space in his building for the graduate students to do their work. He receives internal approval to locate the project in a large office complex in downtown Durham that UNH has recently leased for administrative office and swing space. Assume that more than 50% of the project activities will occur in this rented office complex. The federal agency pays full indirect costs. Which F&A rate should Dr. Jay use in the proposal budget?

Answer: It Depends. UNH has already leased the office complex for general purposes and not specifically for this project. In one scenario, rent could be prorated based on square footage that will be utilized for the project and included in the budget as a direct cost. In this scenario, the off-campus F&A rate would be applied. In another scenario, UNH might consider the office space that has been rented for general purposes to be an UNH facility, especially if UNH is paying custodial, utilities, telecommunications, and security costs outside of the lease agreement. In lieu of charging a pro-rated rent and attempting to prorate other facilities costs, which may not be possible, UNH could provide the space for the project with no direct cost charge to the project and apply the on-campus F&A rate instead. The complexities in this example illustrate the importance of SPA input during budget development.

5. Dr. Tea is a Research Professor. There is an expectation that she will generate 80% of her salary and research expenses from grants and contracts. She is proposing to NSF a project that would take place at McMurdo Station in Antarctica, which is an NSF supported facility. She will include only user fees in her project budget to cover food and lodging at the station; all other logistical and scientific/laboratory support will be provided by the NSF's logistical contractor. This is a major project

that will require Dr. Tea's presence at McMurdo for ten months each year for three years. What is the appropriate F&A rate?

Answer: Off-Campus. Although UNH would not be renting space at the McMurdo facility and charging the rent to the grant as a direct cost, the federal government is providing the research facilities for the overwhelming majority of the project activities. Application of an on-campus rate would result in the federal government paying twice for facility costs. UNH is obligated to ensure reasonableness in expenditure of federal funds; charging the on-campus rate that includes reimbursement for facilities costs is not reasonable in this scenario. Therefore, the off-campus remote rate should be used.

6. Suppose, in the previous example, Dr. Tea changes her research plan. She will spend only nine months of the 36-month project period at McMurdo. Instead of doing the ice core analyses at McMurdo as originally planned, she will ship the cores collected in the first nine months of the project to her laboratory at UNH where they will be stored and analyzed during the remaining 27 months of the project. Which F&A rate should she use in this scenario?

Answer: It depends. Just as two different F&A rates cannot be charged to the same project when activities occur both on- and off-campus, different rates cannot be applied to different phases of a single project. In this case, if Dr. Tea is the only individual who will work on the project, she might use effort as a proxy for project activities and estimate the effort she will commit to the project that will occur on the UNH campus in the remaining 27 months of the project. If she anticipates committing an average of one-third or more of her effort to the project in the remaining months, the on-campus F&A rate would apply (33.3% effort over 27 months equates to the 9 months spent at McMurdo). If, however, her commitment is expected to be less than one-third, then the off-campus F&A rate would be applicable. This scenario assumes that Dr. Tea does not employ any students or technicians on the project; if she does, then their effort would also be considered in relation to the effort she invests at McMurdo. The more assistance she needs in her lab at UNH to conduct the analyses, the less likely applicability of the off-campus F&A rate becomes.

7. Dr. Queue is a Shakespearean historian. He is applying for an NEH summer stipend to travel to the London Shakespeare Centre at King's College to review some recently discovered new Shakespearean plays and other historically significant documents related to these plays. He will spend two summer months in London and then will spend the remainder of the year, in between his UNH teaching and service commitments, preparing a chapter to be included in a new scholarly book. What F&A rate should Dr. Queue request in his application?

Answer: Neither. Although applicants must be nominated by their institutions, NEH stipends are individual fellowships paid directly to the recipient to support their research activities. Since the funds do not flow through the university, F&A is not applicable. It is important to carefully review and understand all the requirements and rules of the program under which application for federal funds is being made.

8. Dr. Itch is proposing a one-year observational study to identify the geographic distribution of rabbits in the New England states. With the knowledge that the bacteria *Francisella tularensis* is maintained in rabbits and causes Tularemia and with increasing evidence that humans can contract Tularemia from certain types of contact with rabbits, Dr. Itch will also trap some rabbits for blood sampling to determine the prevalence of *Francisella tularensis* infection in the rabbit population. He will spend three summer months with four undergraduate students traveling the New England states to collect data and blood samples. Where available, he and the students will stay in field camps at federal and state wildlife facilities, either at no charge or for a minimal daily use fee. Where no such



accommodations are available, the research team will stay in inexpensive motels or commercial campgrounds. Although the team will only be in the field for three months, no results would be possible without this field collection phase. Which F&A rate should Dr. Aitch use in his project budget?

Answer: On-Campus. There is no institutional rental of facilities involved. Dr. Itch and his students are in travel status during the data and sample collection. The field camp fees and motel and commercial campground costs are classified as travel costs, not as "facilities rental."

9. Dr. Dee is submitting a research proposal to the National Institute of Mental Health. She will conduct focus groups with mental health service providers and individual interviews with mental health services consumers in Lebanon, Laconia and Concord, New Hampshire. She expects to collect data over a period of two months at each location, with an estimated three focus groups and twelve individual interviews occurring in each location. This will involve three separate two-day trips to each location. She will repeat this data collection strategy in the second and third years of the project. Local providers have committed to making meeting space available at no cost. Space is also available at no cost on the UNH campus for the Concord data collection. However, Dr. Dee must rent meeting rooms in Lebanon and Laconia. In Laconia, she has identified a small business incubator building that will rent a single office on a monthly basis and will make a meeting room available for an extra hourly charge. No similar facility exists in Lebanon, so she will rent a small meeting room for interviewing and a larger meeting room for focus groups at a local hotel on a daily basis. Dr. Dee will budget for these room rentals as a direct cost (contractual services) in her project proposal. Which F&A rate should she use?

Answer: On-Campus. Although Dr. Dee plans to charge Laconia and Lebanon meeting facility rental costs to the project as a direct cost, these costs are likely quite minimal in comparison to the total cost of a major research project. Also, only the data collection is being done off-campus, and this likely represents significantly less than 50% of project activities.

10. Dr. Whye is a marine biologist. In her NSF application, she proposes to sample diatom populations in the Gulf of Mexico over a period of four years. She and her research team will travel to Mobile, AL, over fall, winter, and spring breaks and during the summers to collect specimens. She will charter a research vessel in Mobile for five-day research excursions. The specimen collection is expected to take the majority of her and her student assistants' time on the project; comparatively little time will be needed in the laboratory to process the specimens. What F&A rate should she apply?

Answer: On-Campus: The company providing the research ship is a vendor of goods and services; the ship is not considered a rented facility (even if on-board lodging and meals are part of the service package). Thus, there are no facility rental costs to be charged to the project. Because there are no facility rental costs, it does not matter if the majority of the project activities are taking place in the Gulf of Mexico. The on-campus rate is applicable.