

**The University of Texas at El Paso
Office of Research and Sponsored Projects**

Facility and Administration Rate Policy

I. Purpose: To disseminate the revised Facility and Administration (F&A) costs charged to sponsored projects at the University of Texas at El Paso.

II. Background: Effective 09/01/12, UTEP completed and received a fully executed copy of the negotiated F&A Cost Rate Sheet. The agreement, approved by the University’s cognizant agency, Department of Health and Human Services, is applied to grants, contracts and other agreements subject to any limitations (statutory or administrative) that may apply. The agreement applies to all sponsored and non-sponsored (cost shared) expenditures. Table 1 presents the three-tier structure of F&A rates. Definitions of the terms used in this document follow.

III. Applicability: This policy applies to all sponsored and non-sponsored (cost shared) projects.

IV. Responsible Parties: Office of Research and Sponsored Projects
Office of Contracts and Grants Accounting

NOTE: On very rare cases, requests for a reduced F&A rate may be considered. In such cases, the request must be submitted in writing with a detailed justification to the respective Research Administrator a minimum of two weeks prior to proposal submission. F&A negotiation with outside agencies by the Principal Investigators is discouraged and inappropriate.

Effective Period	Rate (%)	Location	Funding Type
09/01/12-08/31/13	50.5	On Campus	Organized Research
09/01/13-08/31/16	51		
09/01/12-08/31/16	50	On Campus	Instruction (unless limited)
09/01/12-08/31/16	33	On Campus	Other Sponsored Activities (unless limited)
09/01/12-08/31/16	26	Off Campus	All Programs
09/01/16-Until Amended	Use same rates and conditions as those cited for fiscal year ending Aug 31, 2016		

V. Definitions:

1. **F&A costs** are those that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. "Facilities" is defined as depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, *operation and maintenance expenses*, and library expenses. "Administration" is defined as *general administration and general expenses*, departmental administration, sponsored projects administration, student administration and services, and all other types of expenditures not listed specifically within one of the subcategories of Facilities.
2. **Organized Research:** or "**Research and Development (R&D)**" as defined in Section B.1.b. of OMB Circular A-21 (revised) includes all R&D activities of an institution that are separately budgeted and accounted for. R&D includes both "sponsored research" activities (sponsored by Federal and non-Federal agencies and organizations) and "university research".
3. **Instruction:** Instruction means the teaching and training activities of an institution. Except for research training as provided for under "Sponsored R&D," 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.
4. **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. (U.S Office of Management and Budget, circular A-21, B.1.c)
5. **Off Campus Rate:** A sponsored project designation indicating that the general location(s) of the activity that will occur in conducting the project is an Off-campus location. This includes space that the University does not own AND one of the following additional criteria:
 - i. the space is remote from either the UTEP campus (without any expectations for use of University resources and/or facilities to accomplish project objectives) OR
 - ii. the University bears the lease cost for occupying a space to meet project objectives.

Factors indicating that a space is remote include significant physical distance from either the campus, and use of separate (non-University) services such as mail, telephone,

network and other support services. For most federal sponsors, the “off-campus” negotiated F&A rate (26% MTDC, which is equal to the administrative limit/cap) applies to projects designated as off-campus.

6. **Modified Total Direct Cost Base (MTDC):** consists of all salaries and wages, fringe benefits, materials, supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or 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 subgrant and subcontract in excess of \$25,000. **Note:** student travel is subject to F&A unless agencies mandate otherwise.
7. **Total Direct Costs:** all costs, including normal exemptions from the MTDC.
8. **Alternative Rates and Base:** If agencies mandate a lesser rate than negotiated with DHHS, UTEP can assess/apply the lower rate on Total Direct Costs unless otherwise mandated by agencies (i.e. US Department of Education, which mandates 8% F&A of MTDC).

VI. Determination of F&A Cost Rate to be applied:

During the proposal preparation, the Office of Research and Sponsored Projects will assist the Project Investigator (PI) in determining which of the aforementioned definitions and corresponding rates apply to the project/program. Determination will be based on the project abstract, guidance from THECB guidelines, NACUBO reporting function, the project/agency limitations and restrictions and/or CFDA purpose of funds.