



TO: Campus Distribution (GSFAC, GSNEWS)  
FROM: Charles E. Patterson  
Date: October 4, 2012  
RE: New Facilities and Administrative (F&A) or Indirect Cost Rate

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The Office of Business and Finance and the Office of Research Services and Sponsored Programs has completed negotiations with the Department of Health and Human Services (DHHS) for the University's Facilities and Administrative (F&A or indirect) Cost Rate applicable to all externally-sponsored grants and contracts. Every 3-4 years the University is required to re-assess this rate to provide adequate documentation to the DHHS to ensure such costs are accurate and auditable.

#### **NEW RATE EFFECTIVE IMMEDIATELY**

Based on the documentation provided to the DHHS, the University's F&A Rate will increase to an on-campus rate of **40% of Modified Total Direct Cost (MTDC) and an off-campus rate of 15% MTDC**. Effective immediately, the University will apply the new F&A rate utilizing the following parameters:

- New, revised, and competing continuation applications submitted hereafter will use the new rate regardless of funding source (Federal, State, non-profit and for-profit entities).
- Proposals that have already been submitted using the older 31% rate are NOT affected by the rate change. We will not retroactively apply the increased rate, and will instead employ the rate used in the submission.
- Existing awards are NOT affected by the rate change. An existing award will use the originally awarded rate through the end of the sponsor's award period.
- Non-competing continuations are NOT affected by the rate change. A non-competing continuation will continue to use the rate in effect at the time the initial application was submitted.
- Deviations and waivers may be considered by the University under special circumstances, such as if the sponsor reduces or excludes indirect costs, in accordance with University policy on the application of F&A rates for sponsored programs.

#### **RATES USED WITHIN THE UNIVERSITY SYSTEM OF GEORGIA AND PEER INSTITUTIONS**

As a comparison, the following list provides of comparable F&A rates at emerging research universities and research-intensive universities throughout the State of Georgia, as well as universities identified as Peer Institutions, ranked in order of decreasing rate amount:

- Georgia Tech: 52.7% federal, 57% Department of Defense, 59.8% other sponsors
- Indiana University of Pennsylvania: 50.48% all sponsors
- Valdosta State University: 50% all sponsors
- University of West Georgia: 50% all sponsors
- Georgia Health Sciences University: 50% all sponsors
- University of Georgia: 48.5% federal, 50% non-federal

- Georgia State: 47% all sponsors
- UNC Wilmington: 45.6% research-all sponsors, 50% instruction-all sponsors
- Ball State: 44.5% all sponsors (under review/negotiation)
- Illinois State University: 44% all sponsors
- East Carolina University: 43.5% all sponsors
- **Georgia Southern University: 40% all sponsors**
- Bowling Green State University: 39% (under review/negotiation)
- Appalachian State University: 31.89% all sponsors

#### **UTILIZATION OF F&A REVENUE**

F&A costs are charged to all sponsored programs under the requirements of the U.S. Office of Management and Budget Circular A-21, *Cost Principles for Educational Institutions*, and consistent with the University's federally-negotiated F&A Cost Rate with DHHS. F&A Costs reimburse the University for actual costs associated with performing research that are not specifically allocable to a single sponsored project. Such costs include utilities, buildings and facilities costs, information technology infrastructure, department and central administrative costs associated with managing externally funded grants and contracts.

The University employs a generous distribution of F&A revenue back to the academic units to incentivize re-investment in research and scholarly support. By default, 50% of the F&A costs charged to federal grants/contracts are returned to the unit for the benefit of the college, the department and the investigators, and some colleges have structured internal arrangements within the units to further incentivize and invest these funds. Many units utilize these funds to directly support research and scholarship needs through equipment purchases, service contracts for equipment support, meeting cost sharing requirements, funding travel needs and other forms of support.

Additional information on the application of the University's F&A Cost Rate, conditions for deviations and waivers, and a copy of the new F&A Rate Agreement can be found on the ORSSP website at <http://academics.georgiasouthern.edu/research>, or by contacting Ms. Debbie Shaver, Director of Research Services and Sponsored Programs, at 912-478-2647 or [dshaver@georgiasouthern.edu](mailto:dshaver@georgiasouthern.edu).