

INDIRECT COST RATES

Our negotiated Indirect Cost (F&A) Rate is an agreement, broken up into activity functions, with the Department of Health and Human Services, Division of Cost Allocation. The activity functions are divided into **Organized Research, Instruction,** and, **Other Sponsored Activities**. The functions are defined in OMB Circular A-21 (Cost Principles for Educational Institutions). Examples are given below. Variations from these rates must be approved by the Vice President for Research or his designee.

In early 2009, the federal government approved new Indirect Cost (F&A) Rates for Florida Atlantic University. These rates are to be used on all proposals submitted through the Division of Research. The approved rates are as follows:

Major Function	Federal* Effective 7/01/08	Federal(new)* Effective 7/01/09	Corporate Effective 7/01/09
Organized Research	42.5%	44.5%	47.0%
Instruction	45.0%	52.0%	48.5%
Other Sponsored Activities	42.5%	44.5%	48.5%
Off Campus	26.0%	26.0%	47.0%
Clinical Trial			25.0%

*The above rates use an Indirect Cost Base of MTDC (Modified Total Direct Costs), which is equal to Total Direct Costs except for the following budget line items:

1. The portion of a Subcontract in excess of \$25,000
2. Equipment (capital expenditures) > \$1,000
3. Tuition remission
4. Patient Care Costs
5. Scholarships and Fellowships
6. Off Site Facility Rental

Other Rates

Not all sponsors or programs allow the above rates. The Florida Dept. of Education allows 15.8%; all other State of Florida agencies allow 15%. Check with your college's Proposal and Contract Administrator unless otherwise stated.

Some programs such as Training Grants from National Institute of Health (NIH) and US Department of Education allow an Indirect Cost Rate of 8% of Total Direct Costs.

Please do not attempt to "prorate" the Indirect Cost Rate if your proposed project spans more than one year.

Early in the preparation stage of a proposal, it is very important that the Principal Investigator determine if the proposed project is Organized Research (OR), Instruction (INST), or Other Sponsored Activities (OSA). The Pre-Award Routing Sheet has boxes for the Principal Investigator to check to indicate which Major Function applies to his/her proposed project.

Some funding may have a research component and an outreach component. The Principal Investigator will need to determine whether research or outreach is the predominant function/purpose of the project. Each proposal budget will include one rate only.

Major Functions.

The following information provides some guidance from OMB Circular A-21, Cost Principles for Educational Institutions, concerning the definition of the three Major Functions.

OMB Circular A-21 defines **Organized Research** as all research and development activities of an institution that are separately budgeted and accounted for. Organized Research includes research and development activities that are sponsored by Federal and Non-Federal agencies.

An example of Organized Research is an R01 (Research Project Grant) from NIH.

OMB Circular A-21 defines **Instruction** as teaching and training activities of an institution, 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.

An example of teaching and training activities is a T32 (Institutional Research Training Grant) or an F32 (Individual Postdoctoral Fellowship) from NIH.

Please note that training or teaching individuals in the community is not Instruction. Rather, it is Other Sponsored Activities. The training and teaching must involve FAU instructors and/or FAU students. Otherwise, it is OSA.

OMB Circular A-21 defines **Other Sponsored Activities** as programs and projects funded by Federal and Non-Federal agencies which involve the performance of work other than Organized Research and Instruction. Examples of Other Sponsored Activities include:

1. Health Service Programs, such as a Community Wellness Center sponsored by the Quantum Foundation.
2. Community Service Programs, such as the 21st Century Community Learning Center sponsored by Florida Department of Education.
3. A program that is neither research or instruction, such as funding from the Florida Department of Education to improve K-12 education.
4. Funding from the City of West Palm Beach to provide a nature workshop for the community.

To recap:

Major Functions per OMB Circular A-21	Abbreviation	Banner Program Code	Definition	Examples of funding from External Sponsors
Organized Research	OR	220000	Research and development activities that are sponsored by Federal and Non Federal agencies and organizations	R01 award from NIH ONR R&D Grant
Instruction	INST	110000	Teaching and training activities sponsored by Federal and Non Federal agencies and organizations	T32 and F32 awards from NIH
Other Sponsored Activities	OSA	320000	Sponsored projects and programs that are <u>not</u> OR nor INST	Community Service Grant from US DOJ

If you have any questions concerning the Indirect Cost Rates, please contact: Camille Coley, ccoley@fau.edu , Executive Assistant Vice President, Sponsored Programs or Edwin Bemmell, ebemmell@fau.edu, Director, Research Accounting.