

F&A RATE AGREEMENT GENERAL INFO AND FAQ

OVERVIEW

The University’s Facilities & Administration (F&A) Rate Proposal was submitted on March 31, 2022 using fiscal year 2021 as the base year. Through negotiations with DHHS Cost Allocation Services (CAS), the following rates have been agreed upon, through the rate agreement dated January 30, 2023:

Rate type	On-Campus	Off-Campus
Instruction	50.0%	26.0%
Organized Research	40.0%	26.0%
DIDP Organized Research	35.0%	26.0%
Other Sponsored Activities	19.0%	17.0%
DIDP Uncapped DoD Contract	37.5%	28.5%
Commercial ¹	63.61%	41.61%

A new federal rate agreement is now in place for July 1, 2022 through June 30, 2027. These rates are applied against the Modified Total Direct Costs (MTDC), or other applicable direct cost basis, of a contract/grant/agreement in order to recover the indirect costs incurred to support research and other sponsored activities.

Changes from the previous rates

A comparison of the previous rates, which have been in a provisional status since July 1, 2022, to final rates, is presented below for informational purposes:

Rate type	On-Campus		Off-Campus	
	Provisional	Final	Provisional	Final
Instruction	50.0%	50.0%	26.0%	26.0%
Organized Research	48.0%	40.0%	26.0%	26.0%
DIDP Organized Research *	48.0%	35.0%	26.0%	26.0%
Other Sponsored Activities	30.0%	19.0%	26.0%	17.0%
DIDP Uncapped DoD Contract *	48.0%	37.5%	26.0%	28.5%

* DIDP rates were added for FY23. These would have previously been included with Organized Research.

As shown in the table above, the rate for Organized Research has decreased from 48% to 40% for projects supported by the University Office of Research and from 48% to 35% for the Division of Industry and Defense Programs (DIDP). The rate for Other Sponsored Activities has decreased from 30% to 19%

¹ The commercial rate is not negotiated with the University’s Federal Cognizant Agency for Indirect Costs (currently DHHS), but is included in the table above for informational purposes only. As a result, there was no change to the commercial rate as a result of the updated indirect cost rate agreement.

for on-campus activities and from 26% to 17% for off-campus activities. There were no changes in the Instruction, Off-Campus Organized Research, or Commercial rates.

Changes implemented with the new F&A rate proposal include the following:

- The new rate agreement includes a separate Organized Research rate for the Division of Industry and Defense Programs (DIDP). Previously, those awards would have been included in the University's overall Organized Research rate.
- The new rate agreement includes an Uncapped DoD Contract rate for DIDP. This rate will only be applicable to work performed by the Division of Industry and Defense Programs funded by a Department of Defense agency where WSU meets the definition of a contractor or subcontractor under the Federal Acquisition Regulation (see FAR 44.101).
- The new rate agreement includes a revised **off-campus definition**: For all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s), the off-campus rate will apply. Actual costs will be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate.

GENERAL

1. How Does WSU Calculate F&A Rates?

F&A rates are based on the actual operating costs for a given base year. WSU's most recent base year is fiscal year 2021. Using guidelines provided by the federal government, WSU allocates the indirect costs to different activities or cost groupings, such as research or instruction, in a fashion that is proportionate to the benefit provided.

This information is then submitted to and reviewed by the federal government. F&A cost rates are negotiated every four to five years with our cognizant agency. WSU's next base year will be FY26.

2. What is an F&A Cost?

F&A costs are defined in [2 CFR Appendix III to Part 200](#) as costs that are "incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved." Examples of F&A costs include:

- Operating and maintenance costs such as utility costs, security costs, and custodial costs
- Common administrative functions such as payroll and purchasing

3. Why did the rates change?

The facilities and administrative (F&A) rate is negotiated between Wichita State University (WSU) and our cognizant agency. Before negotiations began, WSU submitted a required proposal documenting the actual costs incurred during FY21 for such items as space, utilities, general purpose equipment, administrative salaries and benefits, etc.

The primary reason the rates decreased was because the volume of sponsored activities increased dramatically, while the costs of administration along with the cost of operation and maintenance for

University facilities increased only moderately. Essentially, we’re recovering the same costs over a much larger base. A comparison of FY21 cost group classifications compared to the previous base year of FY12 is presented below for illustrative purposes:

	FY 2012	FY 2021	percentage variance
Instruction & department research	53,344	76,337	43.10%
Organized research (incl DIDP)	13,435	101,747	657.30%
Other Sponsored Activities	13,822	18,540	34.10%
Total Indirect Cost Allocation Base	80,601	196,624	143.90%
Administrative costs	51,322	70,208	36.80%
Facilities costs	22,401	30,408	35.70%
Total "F&A" Cost	73,723	100,616	36.50%

4. How is F&A applied to individual grants and contracts?

F&A costs are charged to individual awards as direct costs are incurred. The University does not recover F&A from sponsors until direct costs are charged to the award. F&A is typically applied to the modified total direct costs (MTDC) of awards. This is referred to as the “F&A Base” and is the same base on which the University calculates and negotiates with its cognizant agency.

MTDC represents the total direct costs of a sponsored project, less the cost of equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.

5. How did the Off-Campus Definition change?

WSU’s previous rate agreement states that grants and contracts will not be subject to more than one F&A rate. If more than 50% of a project was performed off-campus, the off-campus rate would have applied to the entire project.

Under WSU’s new rate agreement, actual costs will be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate based on the actual location and the division of the work being performed. This will mean charging multiple F&A rates, if necessary.

6. How will the Off-Campus Definition, which requires WSU to use the most appropriate F&A rate based on where the work is being performed, impact how my awards are set up in the Banner Financial System?

If your award has work being performed both on and off-campus, your Post-Award Office will create separate funds for those two locations. This will allow Banner to calculate the most appropriate F&A rate.

7. Can an award have more than one F&A Rate?

Under our new rate agreement, an award may have more than one indirect cost rate in the following scenarios:

- Part of the work is being performed on-campus and part of the work is being performed off-campus
- Part of the work is being performed by a DIDP lab and part of the work is being performed by a University department outside of DIDP
- There is a joint project with PI and Co-PI(s) from different divisions or locations.

There may be additional scenarios in which it may be appropriate to utilize more than one rate.

Questions about how to apply the F&A rate agreement should be directed to the Office of Research, and escalated to the Associate Director and Director as necessary.

8. When is it appropriate to use the DoD Uncapped Rate?

This rate will only be applicable to work performed by the Division of Industry and Defense Programs funded by a Department of Defense agency where WSU meets the definition of a contractor or subcontractor under the Federal Acquisition Regulation (see FAR 44.101).

NEW PROPOSALS

9. When should I start using the new rates in my proposals and quotes?

The new rates should be used immediately.

10. I am submitting a supplemental proposal for an existing award. What rate should I use to prepare the budget for this proposal?

Unless sponsor policies state otherwise, supplemental funding will be considered new funding. Any application for uncommitted funding, such as a supplement, should incorporate the new rates. If you have questions, please contact your appropriate pre-award office:

Proposals supported by the Academic Affairs Office of Research should be directed to:

Proposals@wichita.edu

Proposals supported by the Division of Industry and Defense Programs Office of Research should be directed to: proposals@idp.wichita.edu or contracts@idp.wichita.edu.

SUBMITTED PROPOSALS

11. My proposal was submitted at 48% F&A prior to the notification of the new rates, will this rate be honored even though the new rate agreement specifies lower rates effective July 1, 2022?

If the period of performance begins prior to July 1, 2022, then the proposed rate will be honored. If the period of performance begins on or after July 1, 2022, then the new rate will need to be used. The sponsor may need to be contacted to discuss the possibility of either a budget adjustment or a de-obligation of funds. The Office of Research will be in contact with you to coordinate plans for re-budgeting the funds and communication with the sponsor.

12. Are there any exceptions to this rule?

Yes, there are exceptions. No adjustment is required as a result of the changes to the F&A rate in the following situations:

- Awards sponsored by non-federal entities (e.g., states, private foundations, local governments and industry sponsors) when the sponsor is *not* passing through federal funds to WSU as a subrecipient.
- If WSU meets the definition of a contractor under Uniform Guidance, we are not required to revise our rate. Under the UG, a contractor means an entity that receives a legal instrument by which a recipient or subrecipient purchases property or services needed to carry out the project or program under a Federal award. For additional information on subrecipient and contractor determinations, see § 200.331.
- Fixed price awards will not be impacted because the cost principles are not applicable. Fixed amount awards means a type of grant, cooperative agreement or contract under which the Federal awarding agency or pass-through entity provides a specific level of support without regard to actual costs incurred under the Federal award.

EXISTING AWARDS

13. How will the F&A rate be applied to existing federal multiyear awards?

Awards with a period of performance beginning prior to July 1, 2022 will be covered by the rate agreement that was in place as of the beginning of the period of performance.

Award modifications that add additional funds that were committed, but not funded, prior to the provisional rate effective date will be covered by the rate agreement that was in place at the time the funds were committed.

14. How will the F&A rate be applied to existing non-federal projects?

There will be no impact to the F&A rate for existing awards that are not federal awards. A Federal Award is defined in the Uniform Guidance as follows:

The Federal financial assistance that a recipient receives directly from a Federal awarding agency or indirectly from a pass-through entity, as described in § 200.101; or

The cost-reimbursement contract under the Federal Acquisition Regulations that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity, as described in § 200.101.

15. What F&A rate should be used when submitting a supplemental application under an already existing award?

If there is an additional funding increment that is received in excess of the funding that was previously committed (for example, as a result of a change in the scope of work or a new proposal being submitted), the new rate will be effective for the additional funding increment, but the old rate will remain in effect for the existing funding increment.

NEW AWARDS

16. If I submitted a proposal for federal funds prior to July 1, 2022, but the award was made later, what rate applies?

If the proposal was submitted as cost-reimbursable or time and materials, awards made after July 1, 2022 should be based on the new F&A rate agreement. If the proposal was submitted as firm fixed price, awards made after July 1, 2022 do not need to adjust the F&A rate as long as the rate utilized was correct at the time of proposal.