

TO: Principal Investigators and Business Administrators
 FROM: Jay Walsh, Vice President for Research
 Eugene S. Sunshine, Senior Vice President of Business and Finance
 SUBJECT: **Notice Regarding Facilities and Administrative (F&A) Rates for Use in Proposals Submitted and Awards Received as of September 18, 2008**

Negotiations with the Department of Health and Human Services (DHHS) regarding the University's F&A rates have just concluded. This memo serves as an **immediate notice of the new F&A rates that should be used when preparing proposal budgets for prospective awards with project periods in Fiscal 2009 and future years.**

Given the impending major sponsor submission deadlines, it is critical to alert you immediately of the new rates in order for their incorporation in proposals.

Facilities and Administrative (F&A) Rates

Federal Projects (including federal pass-through projects)

Negotiations with DHHS resulted in increases in the Organized (Sponsored) Research rates for Fiscal 2009 and year(s) beyond. When asked to cite Northwestern's federally-negotiated F&A rate agreement, always list Northwestern's current rate agreement date (DHHS, 9/18/08).

Effective immediately, the following F&A rates and base should be used in preparing federal proposal budgets:

Federal F&A Rates/Base – effective immediately for new and competitive renewal proposals

	Fiscal 2009 (9/1/08-8/31/09)	Fiscal 2010 (9/1/09-8/31/10)	Fiscal 2011 (9/1/10-8/31/11)
Sponsored Research – on campus	52.5% MTDC*	52.5% MTDC*	52.5% MTDC*
DoD Contracts – on campus	53.5% MTDC*	53.5% MTDC*	53.5% MTDC*
Other Sponsored Activity – on campus	36.0% MTDC*	36.0% MTDC*	36.0% MTDC*
Sponsored Instruction – on campus	51.0% MTDC*	51.0% MTDC*	51.0% MTDC*
All Programs – off campus	26.0% MTDC*	26.0% MTDC*	26.0% MTDC*

*Federal MTDC (Modified Total Direct Costs) = total direct costs excluding the following expenditure objects:

Object Number and Description

- 5335: Fabricated Equipment
- 5490: Space Rental
- 5720: Hospital Medical Expenses
- 6910-6960: Telecommunication/Network Expenses
- 7510-7599: Capital Equipment (acquisition cost of \$5,000 or more and useful of at least one year)
- 8010-8080: Tuition and Stipends
- 8510: Amortization
- 8650: Subcontracts in Excess of the First \$25,000

For federally sponsored clinical trials, the rate of 52.5% MTDC should be used.

For periods beyond 8/31/11, the FY 2011 rates should be used.

Non-Federal Projects

Effective immediately, the following F&A rates should be used in preparing non-federal proposal budgets:

Non-Federal F&A Rates/Bases – effective immediately

	FY09 & Future Years On-Campus Rate/ Base	FY09 & Future Years Off-Campus Rate/ Base
Sponsored Research	64.4% MTDC*	33.3% MTDC*
Other Sponsored Activity	44.9% MTDC*	34.8% MTDC*
Sponsored Instruction/Training	89.1% MTDC*	60.7% MTDC*
Industry Clinical Trials	26.0% TDC**	26.0% TDC**

*Non-Federal MTDC (Modified Total Direct Costs) = total direct costs excluding the following expenditure objects:

Object Number and Description

- 5335: Fabricated Equipment
- 5490: Space Rental
- 5720: Hospital Medical Expenses
- 6910-6960: Telecommunication/Network Expenses
- 7510-7599: Capital Equipment (acquisition cost of \$5,000 or more and useful of at least one year)
- 8010-8080: Tuition and Stipends
- 8510: Amortization
- 8650: Subcontracts in Excess of the First \$25,000

**Industry Sponsored Clinical Trials TDC (Total Direct Costs) = total direct costs, except for charges on object 8661 IRB Fee and 8663 NCCR Regulatory Prep Fee.

The Non-Federal F&A rates reflect the calculated rates submitted to DHHS.

Please refer to the following chart to determine which rates to apply based on the type of proposal.

Type of Proposal	Applicable F&A Rate
New proposal submitted on or after 9/18/08	New rates
Renewal (competing continuation) proposal submitted on or after 9/18/08	New rates
Non-Competing Continuation proposal on existing Federal award	Use the F&A rate at which it was originally awarded throughout the life of the competitive segment.
Non-Competing Continuation proposal on existing Non-Federal award	Use the F&A rate at which it was originally awarded throughout the life of the competitive segment.
Supplemental proposal on existing Federal award	In the majority of cases, apply the same rate as the parent grant unless otherwise stipulated by the funding agency. If the awarded rate differs from the parent rate, the supplement must be set up in a separate account.
Supplemental proposal on existing Non-Federal award	New rates

Application to Awards

We will apply the higher rates only to new and renewal awards received on or after September 18, 2008 with expenditure transactions from October 1, 2008 going forward. This will require rebudgeting; Principal Investigators do not need to request sponsor approval or formally re-budget their accounts to provide for this change.

If an investigator believes that he or she is extraordinarily negatively impacted by the change in F&A rates, please contact the Vice President for Research at vp-research@northwestern.edu. The impact will be assessed with the assistance of Office of Research staff and determinations made as to how best to mitigate the impact.

Questions regarding applicable F&A rates in sponsored project proposals should be directed to:

Susan Ross, Director, Office for Sponsored Research, Evanston at sross@northwestern.edu

Bruce Elliott, Director, Office for Sponsored Research, Chicago at b-elliott@northwestern.edu

Questions regarding the rates themselves should be directed to Josh Rosenberg, Manager of Cost Studies at josh-rosenberg@northwestern.edu.

CC:

Deans' Offices (Grimstead, Lueptow, Morris, Leis/Lindsay, Hughes, Bariffe, Winters, Parker, Machado, Mann, McDonald)

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