**TO:** WTAMU Sponsored Project Investigators

**FROM:**  Shelly Davis, Associate Vice President and Controller

 Kaaren J. Downey, Executive Director, Sponsored Research Services

**DATE:** xxxxxxxxx

**SUBJECT:** New Federally Negotiated Facilities & Administrative (F&A) Rate Agreement

West Texas A&M University (WTAMU) has a new federally negotiated Facilities and Administrative (F&A) rate (i.e., indirect cost) agreement effective September 1, 2020. The new federal on-campus rate is 41% Modified Total Direct Cost (MTDC) and the off-campus rate is 11% MTDC.

1. ***How will the new rate be applied to budgets?***
2. All new budgets and proposals with a start date of 9/1/2020 or later will have the new rate applied.
3. Proposals and budgets that have already been submitted will carry the old F&A rate (39% MTDC or 12% MTDC) unless the awarding agency asks for the submission of a revised budget prior to awarding the requested dollars.
4. All requests for supplemental funding for projects already awarded will use the new F&A rates.
5. ***What projects qualify for the off-campus rate?***

The activity is performed in facilities not owned by WTAMU **and** rent must be allocated to the project. Actual costs will be apportioned between on-campus and off-campus components and each portion of the project will reflect the appropriate rate.

1. ***Do F&A rates only apply to federal awarding agencies?***

No, they apply to all externally funded projects. *System Policy 15.01.01 Administration of Sponsored Agreements – Research and Other* instructs system members to recover all F&A costs, based on rates negotiated with the Department of Health and Human Services (DHHS). The policy also requires agreements with private business organizations to provide for F&A cost recovery at the rates negotiated by the system with the DHHS unless there is suitable compensation made for the difference between the F&A recovery and the negotiated F&A rate. As a state entity the system and all member institutions are entrusted with the use of public funds, facilities, and other property for the welfare of the public. Those assets cannot be diverted to serve the specific interests of a private firm or individual unless the costs of use are reimbursed.

1. ***What are the effective dates for the new F&A rates?***

The predetermined rates are effective for September 1, 2020 through August 31, 2024. If WTAMU does not have an updated F&A rate agreement by September 1, 2024 the same rates will apply until they are amended. For questions concerning how to apply the rates to a budget please call Teresa Clemons / 651-2983 in Sponsored Research Services. Post award and billing questions regarding the new rate can be answered by Candace Rowland / 651-3354 or Lauren Cazarez / 651-2098 in the Business Office