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THE UNIVERSITY OF NORTH CAROLINA
AT
CHAPEL HILL

Office of Contracts & Grants
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MEMORANDUM

TO: Deans, Directors, Department Heads

FROM: F. John Case
Executive Director

DATE: August 1, 2000

SUBJECT: Implementation of Facilities and Administrative Rate(s)

Recently, the University and the Department of Health and Human Services completed negotiations of the new Facilities and Administrative (F&A) rate(s) for use with our sponsored research projects. The agreement is dated February 23, 2000, and contains three distinct rates to be applied to on-campus research proposals with anticipated start dates of July 1, 1999 or later as shown below:

July 1, 1999	44.5%
July 1, 2000	45.0%
July 1, 2001	45.5%

Utilization of new F&A rate(s) often creates faculty and administrator concerns that require specific clarification about anticipated procedures. In order to ensure consistent application of the rate(s) and minimize confusion, the Office of Contracts & Grants will implement the following procedure regarding rates to be utilized with proposal budgets and subsequent awards.

All federal multi-year projects with a start date prior to July 1, 1999, will utilize the 44.5% rate in effect when the grant began. Consistent with OMB Circular A-21 guidance, the university will accept the initial rate in continuation budgets until the project is recompeted. Accordingly, if a sponsor awards 45% or 45.5% in error, C&G will request that the award be reissued to reflect the 44.5% rate. However, if an agency requires an annual budget, the university will request F&A cost in accordance with the new negotiated agreement (rates stated above).

All multi-year projects with a start date after July 1, 2000, will utilize rates required by the new agreement, i.e. 45.0% or 45.5%. Non-federal projects will use the rates for the appropriate fiscal years as negotiated and stated above.

Please feel free to contact me at 966-2542 with any concerns about the implementation of the new rates. In my absence, please contact Kent Walker at 962-1353.