


MEMORANDUM

To: Deans, RII C&I Directors
From: Elizabeth (Betsy) Cantwell, PhD, Senior Vice President for Research 
CC: Sangita Pawar, John O'Neil, Anh Le, Steve Harsy, Paul Sandoval, Lori Schultz
Date: May 21, 2020
Re: Facilities & Administrative Cost Rate for Industry and Foreign Governments

UArizona's Facilities and Administration (F&A) rates are negotiated between the University and the Department of Health and Human Services every three years. While these rates change nominally during these negotiations, the administrative costs allowed to be charged to federally sponsored agreements awarded are at 26% of Modified Total Direct Costs (MTDC). This artificial cap translates into an approximately 3.5% shortfall on recovered Administrative costs. Institutionally there is approximately a 9% gap between the University's negotiated federal F&A rate and the uncapped rate. While the University of Arizona has not thus far chosen to do so, most Universities in the AAU charge the full rate to non-Federal sponsors.

In order to maximize recovery of the true costs of research where feasible, as of July 1, 2020, the University will follow suit with the majority of AAU universities and assess an Administrative Fee of a **minimum of 9% MTDC in addition to the federal F&A rate** on all industry-sponsored research and research sponsored by foreign governments.

- Any proposal submitted to SPCS on July 1 or later must have the new rate
- As a reminder, sponsored activity budgets submitted to sponsors that have not been approved by SPCS through the UAR proposal process should be considered provisional, and are non-binding to the university
- All stipulations directly associated with a RFP will be accepted
- F&A waivers are not granted for industry sponsors

These new rates apply only to on-campus research sponsored by industry and foreign governments. Other currently used rates in the attached rate table continue to be in effect.

Standard F&A Rate Table

Activity	Description	Rate ¹
Research (On-campus)	Activity intended to result in the creation, organization, and/or application of knowledge	53.5%
Commercial/For Profit, Foreign Government Research (On-campus)	Activity intended to result in the creation, organization, and/or application of knowledge	53.5% + 9% = 62.5%
Research (Off-campus)	Research that occurs off-campus ²	26%
Instruction (On-campus)	Intended to elicit education change in a learner or group of learners	50%
Instruction (Off-campus)	Instruction that occurs off-campus ²	26%
Other Sponsored Activity (On-campus)	Activity that responds to a community need or solves a public problem	47%
Other Sponsored Activity (Off-campus)	Other Sponsored Activity that occurs off-campus ²	26%
Clinical Trial	Protocol-driven drug and device testing involving human subjects, generally funded by for-profit sponsors	25%
Student Experiential Learning	Projects conducted by students not employed by UA, as part of a course requirement, not including graduate research credits	25%
Consortia Memberships	Fees paid by a sponsor to become a member of a UA consortium	10%
Interpersonnel Agreements	Placement of UA staff at another institution which has responsibility for daily supervision of the staff member	15%
Arizona State Agencies	Projects sponsored by Arizona state agencies where the agency indicates that this is the maximum rate allowed	10%

¹Rates are MTDC for Research, Instruction, and Other Sponsored Activity. All other rates are TDC.

²For the definition of what constitutes off campus activity, please see the [Research Gateway](#).