

PURDUE UNIVERSITY SPONSORED PROGRAM SERVICES

December 7, 2005

Instruction No. 1

(Supersedes Instruction No. 1 dated June 27, 2003)

TO: Deans, Directors and Heads of Schools, Divisions, Departments and Offices

SUBJECT: West Lafayette Campus Facilities and Administrative (F&A) Cost Rates
(Previously referred to as Indirect Cost Rates)

FACILITIES AND ADMINISTRATIVE COST RATES

We are pleased to announce that predetermined F&A cost rates have been established for Purdue University sponsored programs conducted at the West Lafayette Campus for the three (3) year period beginning July 1, 2006, and ending June 30, 2009. The rates are:

	<u>On-Campus F&A Cost Rates</u>	<u>Off-Campus F&A Cost Rates</u>
<u>Research</u>		
07/01/05 to 06/30/06	52.0 %	26.0%
07/01/06 to 06/30/09	52.5 %	26.0 %
<u>Instruction</u>		
07/01/05 to 06/30/06	52.0 %	26.0%
07/01/06 to 06/30/09	52.0 %	26.0 %
Other Sponsored Programs		
07/01/05 to 06/30/06	36.0 %	26.0%
07/01/06 to 06/30/09	36.0%	26.0%

The above rates are expressed as a percentage of modified total direct costs (MTDC) and will remain in effect for the three (3) year period specified.

A. BUDGET PREPARATION

For budget proposal preparation purposes, effective immediately, project budgets should be prepared using the rates cited above.

1. Research Projects

- a. Research funding requests for new and competing renewals having a start date prior to July 1, 2006, will be budgeted using the current rate (52.0%) for those costs to be incurred prior to July 1, 2006, and using the new rate (52.5 %) for those costs to be incurred after 7/1/06.

Sponsors may request revised budgets for new and competing renewal proposals. F&A costs for these revised budgets will be calculated using the same budgeting principles as described above.

- b. Research funding requests for (1) non-competing continuations, (2) supplemental funding within a funded period and (3) incrementally funded contracts will include in the budget an amount for F&A costs computed at the F&A cost rate used by the sponsor and University when establishing the recommended funding level for the period.

2. Instruction/Training Projects

Proposals requesting funds for academic year training programs, summer institutes or the development and introduction of new or expanded courses and similar instructional oriented undertakings should request funding for F&A costs computed at 52.0% MTDC for on-campus activities and 26.0% MTDC for off-campus activities.

3. Other Sponsored Projects

Other sponsored projects apply to those programs, which are neither of a research nor instructional nature but are for the support of services or technical assistance programs.

Proposals requesting funds for the support of Other Sponsored Projects should request funding for F&A costs computed at 36.0% MTDC for on-campus activities and 26.0% MTDC for off-campus activities.

If some or the entire project is to be conducted at an off-campus site in facilities not owned or leased and operated by the University or an affiliate, use the off-campus rate for those individuals working at the off-campus site for a full semester or summer session. The off-campus rate should likewise be applied to those costs associated with the individual's off-campus activity. Use the regular on-campus rate for those personnel conducting a sponsored program activity on-campus but who may be off-campus for less than a semester or a summer session.

The above rates apply to Federal projects and to projects funded by non-Federal sponsors such as State, local, and foreign governments. These rates also apply to non-governmental Contract Support as defined by the Policy for Classification, Administration and Reporting of Non-Governmental Support (IX.6.2). The rates set forth

herein are not applicable to those awards classified as Voluntary Support in accordance with this same policy.

If sponsor regulations limit F&A cost reimbursement, the limitation should be discussed with Sponsored Program Services before the budget is prepared and submitted through regular University channels for approval.

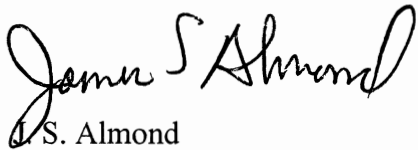
B. STATUS OF PENDING PROPOSALS PREVIOUSLY SUBMITTED TO A GRANTING AGENCY

The Department of Health and Human Services' Division of Cost Allocation will notify appropriate Federal, fiscal and administrative offices of the new facilities and administrative cost rate. Awards should be made based on the new approved rate. In the event an award is made with the wrong rate, the University will cost share the unfunded facilities and administrative costs.

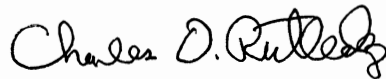
C. ADMINISTRATION OF CURRENT AWARDS

All awards made prior to November 22, 2005, will remain at their current rate until those projects are competitively renewed.

If you have questions concerning these instructions, please contact either the appropriate Sponsored Program Services Account Manager or your Business Manager.



J.S. Almond
Vice President for Business Services
and Assistant Treasurer



C. O. Rutledge
Vice President for Research

cc: Principal Investigators
Directors of Financial Affairs
Business Managers
Business Assistants
Account Assistants