



August 12, 2005

To: Chancellor Sean O'Keefe  
Chancellor William Richardson  
Chancellor Costonis  
Dr. Claude Bouchard

Re: Facility and Administrative Rates Applied to Sponsored Projects

New Facility and Administrative (F&A) Rates have been negotiated with our cognizant audit agency, the Department of Health and Human Services. The following rates are effective from July 1, 2005 through June 30, 2007:

F&A Rates (1) to be applied to MTDC (2)

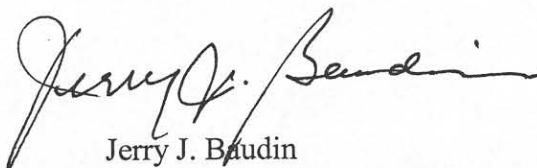
		Non-State Agency	State or Local Government
<u>LSU, Pennington Biomedical Research Center, and Hebert Law Center</u>			
Instruction	On campus	49%	24%
	Off campus	26%	13%
Research	On campus	47%	23%
	Off campus	26%	13%
Public Service	On campus	33%	16%
	Off campus	26%	13%
<u>LSU Agricultural Center</u>			
All programs	On campus	47%	23%
	Off campus	26%	13%

- (1) Statutory requirements specific to certain federal programs may limit F&A recovery on some awards.
- (2) F&A costs are calculated by multiplying the Modified Total Direct Cost (MTDC) by the appropriate F&A rate. MTDC is defined as total direct cost less:
  - a. Each subgrant/subcontract in excess of \$25,000 (i.e., the first \$25,000 is included in the calculation)
  - b. Capital equipment expenditures (i.e., items costing \$5,000 or more with a useful life of at least one year)
  - c. Alterations and renovations
  - d. Rental costs of off-site facilities
  - e. Scholarships and fellowships, prizes and awards

These F&A rates are applicable to all proposals for new sponsored projects. However, proposals for continuation of incrementally funded awards which maintain the same sponsor grant/contract number shall use the rates approved in the award. Ongoing projects with funds already awarded will also continue at the rates approved in the award.

As stated, these rates will be in effect until June 30, 2007. At this future date the University will have negotiated new F&A rates based on fiscal year 2005-06 information. To prepare for the next negotiation, the University will be conducting two special studies during fiscal year 2005-06 -- a facilities utilization analysis and a library survey -- with the goal of matching research funding to the space generating such funds. More information about these two studies will be provided in the near future.

Please contact Mr. James L. Bates at 578-3386 if you have questions or need assistance.



Jerry J. Baudin  
Vice Chancellor for Finance and Administrative Services  
and Comptroller

Enclosure: Rate Agreement

cc: Vice Chancellor Silverman  
Associate Vice Chancellor Torres  
Mr. James L. Bates  
Deans, Directors, and Department Heads  
Mr. Mark Legendre  
Mr. Ralph Underwood  
Mr. William Wilkes  
ASP Members