To: Stanford Research Community

From: Thomas Wong, Director, Cost and Management Analysis  
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Updated: August 22, 2013 (Application of Rates Section Only)  
Original Issue Date: August 20, 2013

Subject: FY2013 and FY2014 Final Facilities & Administrative Rates

Stanford and the Office of Naval Research (ONR) have agreed on final Facilities and Administrative (F&A, or Indirect Cost) rates for University fiscal years 2013 and 2014. These rates replace the provisional FY2013 rates that were established August 30, 2012. The final rate agreement is dated August 19, 2013. Please note that the FY2013 final rates remain unchanged from the provisional rates.

The final negotiated rates are as follows, as well as the FY2013 provisional rates for comparison:

<table>
<thead>
<tr>
<th>Type of Activity</th>
<th>Provisional FY2013 Retroactively Replaced by Final FY2013 Rate</th>
<th>Final FY2013 9/1/2012-8/31/2013</th>
<th>Final FY2014 9/1/2013-8/31/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Campus Organized Research</td>
<td>57.0%</td>
<td>57.0%</td>
<td>60.5%</td>
</tr>
<tr>
<td>Off-Campus Organized Research</td>
<td>30.2%</td>
<td>30.2%</td>
<td>30.4%</td>
</tr>
<tr>
<td>On-Campus Sponsored Instruction</td>
<td>59.8%</td>
<td>59.8%</td>
<td>57.5%</td>
</tr>
<tr>
<td>Off-Campus Sponsored Instruction</td>
<td>32.0%</td>
<td>32.0%</td>
<td>36.3%</td>
</tr>
<tr>
<td>On-Campus Other Sponsored Activities</td>
<td>46.0%</td>
<td>46.0%</td>
<td>61.6%</td>
</tr>
<tr>
<td>Off-Campus Other Sponsored Activities</td>
<td>31.0%</td>
<td>31.0%</td>
<td>36.9%</td>
</tr>
<tr>
<td>Animal Care Indirect Cost Rate</td>
<td>71.6%</td>
<td>71.6%</td>
<td>77.9% *</td>
</tr>
</tbody>
</table>

* The Veterinary Service Center will waive the FY2014 animal care indirect cost rates to 75.9% from the 77.9% rate documented in the signed rate agreement. The 75.9% rate is charged on all purchases of services from the Veterinary Service Center. The VSC rate is not fixed for life.
Application of Rates

SUMMARY

Effective immediately all new proposals and competitive segments must use the final FY2013 and FY2014 F&A rates. All awards with start dates prior to August 30, 2012 have F&A rates fixed for life at their current rates.

Stanford will apply the lower final FY13 rates for all awards where:

- A sponsor will not increase the total awarded amount to fund the increase in FY14 F&A costs and
- The award was proposed prior to August 19, 2013 and
- The agreement is awarded on or before June 1, 2014

New & Competing Proposals

Effective immediately all new proposals and competitive segments must use the final FY2013 and FY2014 F&A rates.

Awards with Performance Start Dates Prior to August 30, 2012:

These awards are fixed for the life of the award at their current rate. No change in the F&A rate will occur until the next competitive segment.

Awards with Performance Start Dates On or After August 30, 2012 - August 18, 2013: These awards are subject to the FY2012 rates for the remainder of FY2012 and to the final FY2013 rates beginning September 1, 2012. The FY2013 rates will remain in effect fixed for the life of the award or until the next competitive segment.

Awards with Performance Start Dates On or After August 19, 2013 (proposed prior to August 19, 2013):

Although many sponsors allow us to use the new higher F&A rates they may not provide additional funds. OSR and RMG will review sponsor policies and contact the sponsor to request additional funding when appropriate.

Stanford does not want to negatively impact principal investigators’ research programs by using direct costs to cover the increase in F&A costs. Stanford will apply the lower final FY13 rate for all projects where a sponsor will not increase the total awarded amount to fund the increase in FY14 F&A costs. This rate will be in effect until the next competitive segment. Please note proposals submitted prior to August 19, 2013 must be awarded on or before June 1, 2014 in order to receive the lower FY13 rate.

The National Institutes of Health (NIH) will revise an award to account for the higher rates if the start date of the award is more than 1-calendar month after the date of the new rate agreement. Therefore, NIH awards with start dates between August 19, 2013 and September 19, 2013 will use the lower FY13 final negotiated rate. The final FY13 rate will remain in effect for the life of the competitive segment. Awards with start dates on or after September 20, 2013 will use the FY14 final negotiated rate for the life of the competitive segment as NIH should award funds to cover any increases in F&A costs.

You do not have to take any action. All requests to sponsors will be handled by OSR or RMG. The implementation of these rates has been approved by the Office of the Vice Provost and Dean of Research and the School of Medicine Dean’s Office.

If you have question about the implementation of F&A rates please contact OSR or RMG.