

LOYOLA MARYMOUNT UNIVERSITY
Modified Total Direct Cost and Fringe Benefit Rate
Frequently Asked Questions

DEPARTMENT: CONTROLLER'S OFFICE	
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What are Facilities and Administrative Costs?

These costs include the following expenses:

- a. Shared services such as utilities, copying, telephones, electronic networking, support staff, payroll systems, security, insurance
- b. Costs for facilities, real estate, labs, and equipment maintenance
- c. Administration of projects, such as services of the Sponsored Projects Office and Post Award Accounting

F&A cost recovery pays for these real costs and enables the University to cover the indirect expenses associated with sponsored projects, on a no profit – no loss basis.

What are Fringe Benefit Costs?

Fringe Benefits charged to sponsored projects at LMU include costs such as employee health, life, dental and vision insurance, FICA match, worker's compensation, disability insurance, unemployment insurance, employer assistance program, flex benefit expense, 403B retirement contributions and tuition remission.

What is LMU's Facilities and Administrative Rate?

LMU's Facilities and Administrative Rate (F&A) is 38% of Modified Total Direct Costs (MTDC).

What is LMU's Fringe Benefit Rate?

LMU's Fringe Benefit Rate is 26.8% of Salaries & Wages.

What does F&A have to do with overhead or indirect costs?

The Facilities and Administrative Rate is another term for overhead or indirect.

What is MTDC?

MTDC is the acronym for Modified Total Direct Costs. MTDC is the cost base that the Facilities and Administrative Rate of 38% is applied to in calculating the Facilities and Administrative cost recovery. Specifically MTDC includes all project costs **except** equipment, capital expenditures, subcontracts in excess of \$25,000, scholarships, fellowships and tuition remission.

Where do these rates come from?

LMU must follow specific guidelines for calculating F&A recovery which are set forth by the federal government in OMB Circular A-21, *Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions*. Actual F&A costs associated with sponsored projects are computed from audited financial data and the resulting proposed rate is negotiated with the Department of Health and Human Services (DHHS), the agency responsible for approving our rate.

How do these new rates affect my grant application?

When applying for a grant, the first step is to contact the Sponsored Projects Office. They are experts in helping you apply these new rates to your grant application budget. It is the policy of LMU that these rates should be applied whenever the sponsoring agency allows them. Sponsors differ considerably as to the types of costs they will allow. The Sponsored Projects Office will take this into account when helping prepare your budget.

The following is a typical example of how these rates are applied:

Grant Budget

Summer Salary – Professor Jones – 1 month	\$4,200
Fringe Benefits (\$4,200 * 26.8%)	\$1,126
Student Work	\$1,000
Materials and Supplies	\$ 500
Travel to Conference for Presentation of Work	<u>\$2,500</u>
Subtotal	\$9,326
F&A Cost (\$9,326*38%)	<u>\$3,544</u>
Total Project Budget	<u>\$12,869</u>