

**MONTANA BOARD OF REGENTS OF HIGHER EDUCATION**  
**Policy and Procedures Manual**

SUBJECT: RESEARCH AND PUBLIC SERVICE

Policy: 404 – Facilities and Administrative Rate

**Adopted: May 30, 1979; Revised: November 18, 2011**

**Board Policy:**

- A. The Facilities and Administrative (F&A) rate for the units of the Montana University System (MUS) shall be as follows:
1. Federally sponsored projects for research, instruction, and other sponsored activity (grants, ~~or~~ contracts, cooperative agreements); per 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), shall use the federally negotiated rate or the maximum rate allowed under statute for the program/agency. ~~will be used;~~
  2. State sponsored projects for research, instruction, and other sponsored activity (grants or contracts):
    - (a) For ~~grants or contracts for~~ research activity, the F&A rate shall be 25% of the total direct costs.
    - (b) For training programs, the F&A rate shall be 8 percent of total direct costs.
    - (c) For federal pass-through grants or contracts, the federally negotiated rate for the unit will be applied.
    - (d) In instances when the sponsor (funding source) for an agency does not allow F&A or will pay only at a reduced rate, the decision to accept the award will remain with the unit. ~~These exceptions should be reported annually, at the January regents' meeting.~~
  3. Private, individual, or corporation sponsored projects ~~grants or contracts~~: shall use the federal F&A recovery rate for the unit. ~~shall be used.~~
  4. In special circumstances, the units are authorized to waive/reduce use F&A costs to meet required cost sharing in grants, ~~or~~ contracts, and cooperative agreements.
  5. UM-Missoula and MSU-Bozeman, as representatives of the affiliated campuses, shall submit to the commissioner of higher education a report summarizing: ~~total F & A revenue and expenditure activity, including the F & A value foregone by the state agency exception process.~~
    - (a) All expenditures from sponsored activities (research, instruction, and other sponsored activities) managed by the respective research/business administrative offices as restricted funds via grants, contracts, or cooperative agreements.
    - (b) F&A recovery as a subset of total expenditures.
    - (c) Total of unrecovered F&A resulting from state agencies unwilling or unable to comply with BOR Policy 404.

History:

Item 23-001-RO379, Indirect Cost Recovery Rate (Revised), Montana University System, May 30, 1979 and January 31, 1986.

Item 152-131-R0911, Revised September 22, 2011. Item 153-104-R111, Revised November 18, 2011.