




The University of Georgia

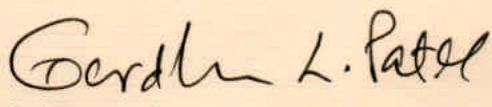
Office of the Vice President
for Research

August 14, 2003

MEMORANDUM

TO: Deans, Department Heads, and Directors

FROM: Art Dunning 
Vice President for
Public Service and Outreach

Gordhan Patel 
Vice President for Research

RE: Recovery of Administrative Costs Associated with State Contracts/Grants

Sponsored projects funded by State of Georgia entities are awarded with Facilities and Administrative (F&A) costs that range from 0% to more than 50%, and average about 6%. More frequently than not, UGA and UGARF receive no F&A costs with grants/contracts awarded by our sister State of Georgia entities. This means that the projects we undertake for most state entities are subsidized with the general revenue appropriations UGA annually receives from the state. Our current financial difficulties prompted us to consult with Hank Huckaby, Senior Vice President for Finance and Administration about this situation, and we have decided to implement the following directive with respect to all contracts/grant proposals submitted to state entities or to Georgia-based, quasi-governmental entities (such as municipalities and county commissions):

Faculty and staff are encouraged to seek recovery of the maximum percentage of F&A costs a state agency will grant. In instances where a state agency/organization will not provide at least a 10% F&A rate, however, UGA and UGARF proposals will be submitted with a direct charge equaling 10% of the direct cost budget. This 10% should be labeled in your proposed budget as "Project Management", a budgetary line item already available within UGA's financial accounting system. If the proposed project is funded, these monies will be treated in the same fashion UGA treats all recovered F&A costs; that is, a 20% portion will be returned to the Budgetary Unit. This directive covers research, public service and outreach, cooperative extension, and training projects equally.

This new directive means that, so long as your direct cost budget contains the 10% Project

Deans, Department Heads, and Directors
August 14, 2003
Page 2

Management charge, faculty and staff will no longer have to request in writing either a complete waiver of F&A costs or a reduction in F&A costs. Remember, however, that Georgia agencies that historically have paid more than 10% in F&A costs are expected to continue being asked to do so for future projects.

cc: Hank Huckaby
Tracy Walters

StateIDCpolicy.doc