To: Chancellor Michael Martin  
Chancellor William Richardson  
Chancellor Jack Weiss  
Dr. Claude Bouchard

Date: December 5, 2008

From: Jerry J. Baudin  
Vice Chancellor  
Finance & Administrative Services  
and Comptroller

Subject: 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, 2008 through June 30, 2011.

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

<table>
<thead>
<tr>
<th>LSU, Pennington Biomedical Research Center, and Hebert Law Center</th>
<th>Non-State Agency</th>
<th>State or Local Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction On campus</td>
<td>49%</td>
<td>24%</td>
</tr>
<tr>
<td>Off campus</td>
<td>26%</td>
<td>13%</td>
</tr>
<tr>
<td>Research On campus</td>
<td>48%</td>
<td>24%</td>
</tr>
<tr>
<td>Off campus</td>
<td>26%</td>
<td>13%</td>
</tr>
<tr>
<td>Public Service On campus</td>
<td>36%</td>
<td>18%</td>
</tr>
<tr>
<td>Off campus</td>
<td>26%</td>
<td>13%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LSU Agricultural Center</th>
<th>Non-State Agency</th>
<th>State or Local Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>All programs On campus</td>
<td>42%</td>
<td>21%</td>
</tr>
<tr>
<td>Off campus</td>
<td>26%</td>
<td>13%</td>
</tr>
</tbody>
</table>

(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

Effective January 1, 2009, these F&A rates will be 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.

Please contact Mr. James L. Bates at 578-2760 if you have questions or need assistance.

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

Enclosure: Rate Agreement

c:
Vice Chancellor Keel
Associate Vice Chancellor Donna Torres, CPA
Mr. James L. Bates
Ms. Patricia Territo, CPA
Deans, Directors, and Department Heads
Mr. Mark Legendre, CPA
Mr. Ralph Underwood, CPA
Mr. Stephen Parker
ASP Members