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>Service</th>
<th>Non-State Agency</th>
<th>State or Local Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>LSU, Pennington Biomedical Research Center, and Hebert Law Center</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>On campus</td>
<td>49%</td>
</tr>
<tr>
<td></td>
<td>Off campus</td>
<td>26%</td>
</tr>
<tr>
<td>Research</td>
<td>On campus</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>Off campus</td>
<td>26%</td>
</tr>
<tr>
<td>Public Service</td>
<td>On campus</td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td>Off campus</td>
<td>26%</td>
</tr>
<tr>
<td>LSU Agricultural Center</td>
<td>All programs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>On campus</td>
<td>42%</td>
</tr>
<tr>
<td></td>
<td>Off campus</td>
<td>26%</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.

[Signature]
Jerry J. Baudin
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