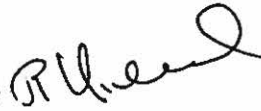


June 27, 2018

PRESIDENT'S DIRECTIVE NO. 2018-01

To: University Community

From: Robert A. Underwood, President



Subject: **10% Administrative Fee for Projects that do not include the University of Guam's Federally Negotiated Indirect Cost Rate**

Effective July 1, 2018, the University of Guam (UOG) will charge a 10% administrative fee for all projects, grants, memoranda of agreement/understanding and contracts run through the UOG Business Office that do not include the University's federally negotiated indirect cost rate of 41% of modified total direct costs, or other indirect rate as mandated by the federal award, unless otherwise instructed by the federal agency.

The 10% fee covers professional services related to project management including procurement, budget management and oversight, financial reporting and accounting processes, and check preparation and distribution among other activities. Grant and contract work comes with associated costs and therefore it is reasonable for the University of Guam to require compensation for administrative expenses undertaken as a direct result of management of funds related to grants, contracts, memoranda of agreement/understanding, and other projects.

Contracts, memoranda of understanding, grants and other projects must include a 10% administrative fee in their budget to cover administrative costs associated with managing contract funds.

Principal investigators are encouraged to include administrative fees as part of their proposal budgets to support contract management functions. As a general rule, projects that do not incorporate administrative fees may be rejected. Exceptions to this rule may include USDA Hatch, Multi-state Hatch, McIntire-Stennis, Smith-Lever grant funding and Department of Interior grants which do not include IDC or other charges as part of their federal mandate.