



THE UNIVERSITY OF NORTH CAROLINA
ASHEVILLE

Policies and Procedures

Policy #: 82
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Approved by: JHM

Owner Dept: Sponsored Scholarship
Phone: 6476

Title: **Collection of Facilities and Administration Costs for Sponsored Programs**

Purpose: The purpose of this policy is to establish uniformity in the collection of Facilities and Administration Costs from federal, state and local governments and from for-profit and non-profit agencies.

Scope: Federal regulations require all faculty, staff, and principal investigators to employ uniformity when requesting collection of F&A costs from external agencies to support sponsored projects. The Office of Sponsored Scholarship and Programs will coordinate with the University Controller's Office in order to ensure compliance with this policy and report discrepancies to the appropriate campus officials.

Policy: All proposals submitted to external funding for research, education, and outreach (public service) will generate facilities and administration costs unless waived by the University prior to submission.

Definitions: **Facilities and Administration Costs** – According to OMB Circular A-21, F&A costs are “costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.”

Facilities and Administration Cost Waiver Form – An internal form used to determine if a waiver of F&A costs meets the guidance established by this policy.

Indirect Costs – See “Facilities and Administration Costs.” The federal government has replaced “indirect costs” with the term “facilities and administration (F&A) costs.”

Cognizant Agency – The federal agency responsible for negotiating and approving F&A rates for an educational institution on behalf of all Federal agencies.

OMB Circular A-21 – Office of Management and Budget Circular A-21, Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions. This document establishes uniform regulations that the University must follow in regards to determining costs applicable to grants, contracts, and other agreements with educational institutions. Each federal agency applies these laws in its own regulation that are listed in the Code of Federal Regulation and explained in its policy handbook (if it has one). The OMB Circular is the backbone of agency regulations; the agency cannot impose regulations that are inconsistent with the Circular or impose additional requirements.

Sponsored Project – An externally funded activity that is governed by specific terms and conditions. Sponsored projects must be separately budgeted and accounted for subject to terms of the sponsoring organization. Sponsored projects may include grants, contracts, and cooperative agreements for research, training, and other public service activities.

Procedure: **I. Background.**

Facilities and Administration Costs are real operational overheads that provide reimbursement for actual institutional expenditures that support extramural activities but cannot be directly charged to a grant or contract. The costs result from shared services such as libraries, physical plant operation and maintenance, departmental and sponsored projects administration, and depreciation or use allowance for buildings and equipment. Based on the actual costs incurred and appropriate federal guidelines, a computation of F&A rates is developed and approved by our cognizant agency (Department of Health and Human Services). The University and the Federal government enter into a signed agreement, which establishes the allowable rates of reimbursement.

II. Facilities and Administration Collection Rate.

Our negotiated rate is a percentage of the salaries and benefits, excluding benefits, generated by all externally sponsored projects. The federally agreed upon rate for on-campus projects is 55% of all salaries and wages. For off-campus projects, the established rate is 23.5% of all salaries and wages. This rate will remain in effect until June 2005. Faculty, staff, and principal investigators are **not authorized** to negotiate Facilities and Administration rates with the sponsor.

III. Requesting Facilities and Administration Cost Waivers.

On the UNC-Asheville Proposal Processing Form, the office of Sponsored Scholarship and Programs developed a Facilities and Administration Cost Waiver section. Because the waiver is part of the proposal processing, the principal investigator is charged with insuring that the information is correct. In completing the F&A Waiver section of the form, the following individuals should proceed in the manner outlined below:

A. Principal Investigator:

1. Determine whether a waiver is required.
2. Complete the Facilities and Administration Cost Waiver section on the UNC-Asheville Proposal Processing Form.
3. Provide the appropriate documentation to the Office of Sponsored Scholarship and Programs when you process your proposal.
4. Appeal the decision, if appropriate.

B. Department Head: Evaluate wavier requests.

C. Sponsored Programs Administration:

1. Evaluate waiver requests and send response to principle investigator.
2. Process the UNC-Asheville Proposal Processing form to the appropriate University representatives.
3. Maintain files of sponsors' published F&A policy documents.
4. Contact the principal investigator to determine whether a waiver is in the process.

D. Vice Chancellor for Administration and Financial Affairs:

1. Review the materials provided by the principal investigator to determine if financial resources are available to meet the sponsor's commitment requirements.
2. Assist the Office of Sponsored Scholarship and Programs in resolving problems related to the request to waive F&A costs.
3. Approve or deny request.
4. Process the request to the Vice Chancellor for Academic Affairs for final University approval or denial.

E. Vice Chancellor for Academic Affairs:

1. Represents the University Chancellor in matters of sponsored project waivers for approval or denial.
2. Assist the Vice Chancellor for Administration and Financial Affairs and the Office of Sponsored Scholarship and Programs in resolving issues related to the request to waive Facilities and Administration costs.

IV. Appropriate Reasons for F&A Waiver Requests.

During the course of writing a proposal for external funding, it may become necessary for the principal investigator to seek a facilities and administration cost waiver based on the requirements of the sponsoring agency. **Requests for University contribution of F&A costs should be made only when the institutional benefits of the program clearly outweigh the reduction in sponsor funding.** Potential criteria for contributing some or all F&A of a project are discussed below.

- A. Proposals to an agency in which F&A recovery is limited by the sponsor in an announcement describing eligibility and financial requirements for a funding program.
- B. Projects comprising an important outreach or mandated activity and support by an external sponsor. This would include projects that the University would otherwise fund using its own resources.
- C. Start-up projects in which the University is willing to share costs in anticipation of future growth in external funding. University contributions for such programs will be limited to a specific time period, after which full recovery is expected.
- D. Collaborative arrangements in which the University is receiving benefit other than cash in support of the project. Such benefit will require documentation from the provider of the benefit. The documentation must be sufficient to meet audit requirements.
- E. Cost share requirements identified by the sponsor in an announcement describing eligibility and financial requirements for the funded program.

V. Appealing Declined Facilities and Administration Costs Waivers.

If a waiver is declined, the principal investigator can request reconsideration from the Chief Research Officer, Vice Chancellor for Administration and Financial Affairs, and Vice Chancellor for Academic Affairs. The principal investigator must draft a letter explaining why reconsideration is necessary. Then attach copies of the Proposal Processing Form and all information previously sent to the Office of Sponsored Scholarship and Programs.

The Chief Research Officer will evaluate the request and submit his recommendations to the Vice Chancellor for Academic Affairs and the Vice Chancellor for Administration and Financial Affairs. Based on the determination of all parties involved in the process, the Chief Research Officer will send a response to the principal investigator with copies to the department head, pre-award specialist, and the grants management accountant.

VI. Intellectual Property Ownership.

If a commercial sponsor requires sole ownership of intellectual property produced under a sponsored agreement, then a 100% Facilities and Administration rate is applied to the salaries and wages of the project.

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