

Facilities and Administrative Cost Recovery Guidelines

Purpose

These are the TUC guidelines and procedures regarding the recovery of facilities and administrative costs (F&A), including exceptions to the general guidelines and procedures for requesting a waiver to the general guidelines.

Reason for Guidelines

Costs on sponsored projects (grants or contracts) can be divided into two overarching categories: (1) direct costs and (2) facilities and administrative (F&A) costs. Direct costs can be readily and specifically attributed to the scope of work associated with a particular project or program. As such, direct costs may include: salaries and benefits associated with the personnel who dedicate time and effort to conducting the work; supplies and equipment required to perform the work, and professional travel associated with completion or communication of the work. F&A costs - sometimes referred to as overhead or indirect costs - cannot easily be associated with a given project or program; nonetheless, these are real expenses incurred by the university in support of sponsored research. F&A costs result from the university's need to maintain a shared infrastructure that supports the research and scholarship of all investigators and project directors. Examples of F&A costs include facilities costs (ex: building depreciation, operation and maintenance, utilities, telecommunications and IT infrastructure, libraries, and specialized facilities and services) and administrative costs (ex: personnel and infrastructure associated with sponsored programs administration (OSP, compliance) and with other administrative functions of the university (general accounting, purchasing/procurement, legal services, human resources, administration of academic units).

The University's F&A rate is set every four years in negotiation with the Department of Health and Human Services. This rate is based on a review of institutional space, equipment, and human resources as they relate to sponsored activities on campus. The University rate agreement can be found on the OSP website, under [Frequently Requested Proposal Data](#).

Federal and state laws and regulations require that the approved F&A rate be applied consistently to all sponsored projects, and the university is scrutinized for compliance. In addition, university policies encourage TUC investigators to perform sponsored projects on a full cost basis unless full cost recovery is restricted by law or public policy. Projects that bring in less than the full amount of F&A represent a subsidy of the sponsor by the University. In many cases, such subsidies run counter to federal accounting rules, as well as and University interests. Failure to recover allowable direct costs and F&A reduces the university's capacity to perform sponsored research.

Guidelines

The guidelines of Touro University California request application of the University's full F&A rate to all externally funded projects.

In accordance with this guideline:

- Only the Provost (or designee) is authorized to modify F&A rates for a given project. Investigators and Project Directors are **not** authorized to modify the F&A rate. Any “prior understanding” between an investigator and a sponsor regarding F&A rate is not binding on the university.
- The **on campus** F&A rate is assumed to apply unless it can be established that a majority of the project will be conducted in an off campus location.
- A limitation on the amount of funds available for a project from a sponsor is not in and of itself sufficient justification for a reduction or waiver of full F&A.
- For-profit sponsors will not be charged less the full TUC F&A rate on grants or contracts. As a not-for-profit university, it is inappropriate for TUC to allow its funds and facilities to subsidize projects conducted for the benefit of commercial sponsors. Investigators who are concerned about requesting the federally negotiated F&A rate from a private sector sponsor are encouraged to contact OSP for assistance and alternative budget strategies. For example, budgets can be presented with F&A included with the direct costs rather than as a separate line item. Fixed-price agreements represent another possible alternative.

Exceptions:

- TUC will grant a policy exception if a non-profit or government sponsor limits the payment of F&A by statute and/or policy -- provided that the sponsor has a published (or otherwise documented) allowable F&A rate that is lower than the University’s rate, and provided that this F&A rate is applicable to recipients at all universities. For example, this situation is commonly encountered with the Department of Education, the USDA, some state agencies and private foundations.
- Rates applied to training grants may be less than the University’s negotiated rates.
- Rates applied to career development awards may be less than the University’s negotiated rates.
- Rates applied to construction grants may be less than the University’s negotiated rates.
- Rates applied to grants for conferences, workshops and travel grants may be less than the University’s negotiated rates.
- For investigators bringing (transferring) an externally funded project to TUC, the existing F&A rate from the previous institution may be applied for the project duration, irrespective of whether that rate is higher or lower than the TUC F&A rate.
- If a commercial sponsor requires full ownership of intellectual property produced jointly under a grant or contract and these conditions are consistent with the investigator’s expectations, then an F&A rate significantly greater than the federally negotiated rate (up to 200% F&A rate) may be applied to the total project costs as a possible option if specified by the Provost. It is inappropriate for TUC to allow its funds and facilities to subsidize projects conducted solely or primarily to benefit commercial sponsors. Relevant examples of intellectual property may include the following: new or improved devices, circuits, chemical compounds, drugs, genetically engineered biological organisms, data sets, software, etc.

Waivers:

An F&A waiver form must be completed and approved unless at least one of the three (3) conditions listed below exists:

- 1) Where a non-profit U.S. sponsor has a published limitation of F&A;
- 2) Where a federal sponsor is limited by statute or regulation;
- 3) When a new faculty member is transferring an existing award from another institution, and that award was received with a lower approved F&A rate

If a government or non-profit sponsor has a published, consistently applied policy establishing a specific F&A cost rate for their project(s), that rate will be honored

When a deviation from the normal facilities and administrative cost rate is deemed desirable, the PI shall request approval using a [Facilities and Administrative Cost Recovery Waiver Form](#). The PI can download the F&A Waiver Request from the web; or can obtain a copy of the form from the Office Sponsored Programs.

On a case by case basis, the Provost (or designee) may approve a reduction or complete waiver of F&A given sufficient justification. Instances recognized to fall within this category include, but are not limited to:

- Selected start-up projects where it is anticipated that the collaboration will result in future growth of external funding.
- Cases wherein F&A is an eligible category of cost-share.
- Cases wherein the benefit to the University outweighs the loss of F&A. For example, the project represents an important university outreach effort or a mandated activity that the university would otherwise be paying for.
- Cases wherein 80% or more of the project budget involve student assistantships and materials and supplies that support student activities.

Procedure

Investigators seeking a waiver or reduction of F&A on a proposed project must fill out a Facilities and Administrative Cost Recovery Waiver Form. The waiver request form is available on the OSP website under Forms.

Submit the waiver request form to OSP as early in the proposal development process as possible but no later than ten (10) days prior to the sponsor deadline.

1. Submit the completed form to the OSP Grants Manger via the following:

- Hard Copy: OSP, Attn: Lou van der Ree, Rm 105
- Fax: 707-638-5863
- Email: Lou.vanderree@tu.edu

2. The Grants Manger will review the request and submit with the Pre-Approval form for signature routing and to evaluate the request and determine whether the waiver will be granted. It is OSP's goal to review the requests within 48 hours or two business days of receipt. However, this review does not guarantee that a final decision will be reached within 48 hours.

If the waiver request is approved, the request form will be signed and the proposal budgets reflect this approval and will be retained in the OSP grant file.