

# Facilities & Administrative (F&A) Costs Directives & Procedures

**Responsible Office:** Office of Research

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## 1. Background

The University's Facilities and Administrative (F&A) rate is negotiated with the U.S. Department of Health and Human Services and reflects the cost of real, auditable expenses incurred in the conduct of research. Included among these costs are depreciation costs of buildings and equipment, maintenance and repairs, janitorial services, utilities, hazardous waste disposal, libraries, and general administrative costs such as sponsored programs administration, departmental administration and general administration (accounting, purchasing, legal services, personnel, and compliance). These costs are "indirect" because they are not easily identified with a specific project and therefore are not included in the "direct" portion of the budget. Such indirect costs support the conduct of research, regardless of the source of funding, and therefore must be applied to all sponsored projects.

A sponsored project budget should include all costs needed to accomplish the objectives presented in the proposal or agreement. The total cost of any project includes both direct costs (salaries for the researchers, lab supplies, travel, etc.) and facilities and administrative costs (F&A).

F&A costs are real costs that provide reimbursement for actual institutional expenses 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, utility costs, general, departmental and sponsored projects administration, and depreciation or use allowance for buildings and equipment.

### 1.1. Definitions

#### 1.1.1. Direct Costs

Those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. Where an institution treats a particular type of cost as a direct cost of sponsored agreements, all costs incurred for the same purpose in like circumstances shall be treated as direct costs of all activities of the institution.

### **1.1.2. Facilities & Administrative (F&A) Costs**

Those that are incurred for common or joint objectives [of the University] and, therefore, cannot be identified readily and specifically with a particular sponsored project, instructional activity or any other institutional activity. A number of components comprise these costs, which are categorized as "facilities and administration." "Facilities" includes "depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses." "Administration" is defined as "general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, and all other types of expenditures not listed specifically under...facilities."

### **1.1.3. Off Campus**

The rate applied if the activity is conducted in any buildings that are not owned and maintained by UF. In essence do we pay for the utility and maintenance of the building from non-grant funds? If yes, then the on campus rate should be applied. If no, then the off-campus rate should be applied.

Note that some buildings commonly used by UF researchers may not actually be owned and maintained by UF. If you are unsure of which buildings are paid for from non-grant funds, a list is available through the Division of Sponsored Programs F&A Webpage.

Travel costs, field work and Institute of Food and Agricultural Sciences Research & Education Centers do not qualify as off campus. The charging of rent for use of the space is an indicator that the project or portion of the project is off campus and should use the off campus rate.

### **1.1.4. Other Sponsored Activity (OSA)**

According to 2 CFR 200, Appendix III, Section A.1.c, Other Sponsored Activity consists of "programs and projects financed by federal and non-federal agencies and organizations which involve the performance of work other than instruction and organized research." Some examples of "OSA" include: community engagement or public service projects; field trials; animal clinical trials; and contracts for service activities, such as material testing agreements.

### **1.1.5. Waiver**

Application of a rate less than either the fully negotiated federal rate or a rate published and utilized by a non-profit or governmental sponsor for all applicants to the sponsor or a particular program.

## **2. Exceptions to the Application of the Negotiated Rate**

The University recognizes that some sponsors and programs limit by policy their F&A cost reimbursement. All grants, contracts and agreements will be charged the full F&A rate as negotiated. Exceptions and the process for approval of each are outlined below:

1. Established rates for use with various public entities as stated in the [UF F&A Rate Chart](#).
2. Industry sponsored clinical trials will be charged 28% on total direct costs (TDC).
3. Some nonfederal or government sponsors and programs prescribe F&A rates other than the University's federally negotiated rate. Examples include many non-federal foundations and some federal programs, such as United States Department of Agriculture National Institute of Food and Agriculture and the National Institutes of Health Career Awards. To be acceptable, the published rate must appear in its guidelines (request for proposal, request for application, broad agency announcement, or other published guidelines), or be published on the sponsor web site, or be confirmed in writing by the sponsor's grants office (not a program official.) The F&A rate must apply

universally to all proposals, not solely UF's, submitted for that particular program or that sponsor. The Principal Investigator must furnish evidence of the published rate at the time of application to DSP for institutional endorsement of the proposal. If such documentation cannot be provided, the Principal Investigator will include the full applicable F&A rate in the proposal or request a waiver under the procedures outlined below. Reduced rates do not apply to for-profit entities, which are expected to pay the University's full applicable F&A rate.

4. The award is being transferred to UF from another institution and the UF's F&A costs under the appropriate federally negotiated F&A rate exceed those provided at the previous host institution. On a case-by-case basis, DSP will review the available budget and F&A rate to ensure that the Principal Investigator is held harmless (e.g., the same amount of direct costs remaining upon departure from the old institution/entity will be made available). Evidence of the remaining budget, including direct and F&A costs, should be provided at the time of the transfer application. Note that any additional reduction in rate (beyond maintaining direct cost equivalency) requires an F&A waiver.
5. The project has an approved F&A waiver in place, and any additional funding (e.g., supplement or continuation) provided by the sponsor does not exceed 25% of the original amount anticipated on the award. Funding added to a project above these levels requires its own waiver.

### **3. Requesting a Waiver**

Any reduction of F&A rates under conditions other than those identified above is considered cost sharing and therefore must be approved according to the University's cost sharing policy (explicit approval required from the College Dean or Unit Director and a Director of the Division of Sponsored Programs). Chair, Dean and DSP review is based on assessment of the compelling nature of the request, the importance of the individual project, the best interests of the college, fairness to other investigators, and the ability of the department or college to financially forego the F&A that would otherwise have been recovered.

Note that failure of the Principal Investigator to submit the proposal via approved institutional channels (e.g., through department, college and DSP) prior to submission to the sponsor is not cause for a waiver. In these cases, the sponsor will be expected to pay the full applicable F&A rate or the department will be responsible for cost-sharing that portion of the F&A the sponsor refuses to pay.

In addition, all parties of the review should be attentive to the proper calculation of F&A costs in the budget. If a proposal includes an error in calculation, the appropriate F&A must still be recovered. Request to the sponsor to appropriately adjust the overall award or reduction in direct costs will be necessary to accommodate any error.

### **4. Responsibility for Compliance**

Responsibility for following these guidelines lies primarily with Principal Investigators, Department Chairs and fiscal personnel with the general guidance and oversight of the colleges, schools and divisions. The University of Florida administration is responsible for guidance and training and for ensuring compliance through periodic internal and external audits.

#### **4.1. Division of Sponsored Programs**

The Division of Sponsored Programs (DSP) supports the University in its mission to ensure fiscal integrity by engaging on all policy and procedure reviews regarding Facilities and Administrative Cost Reimbursement and Recovery. The Division will review all requests for waivers. The Division will assist in the development of training and educational materials related to Facilities and Administrative Costs.

#### **4.2. College/Department/Division/Center**

The college, department, division, and centers are responsible for reviewing and approving all budgets for sponsored projects. Included in this is the review of the calculation of F&A costs as well as review and approval for any waiver. They are also responsible for providing Principal Investigators with the information necessary to fulfill their fiduciary and sponsored project management responsibilities. The college is responsible for clearly delineating the division of responsibilities between the college and its departments/divisions.

#### **4.3. Principal Investigator**

The Principal Investigator (PI) has responsibility for scientific and budgetary decision-making on all sponsored projects, following the University of Florida guidelines and federal and other sponsor regulations and policies. The PI is responsible for identifying the need for a waiver and providing adequate justification to support review of any waiver request.