

Facilities and Administrative (F&A or Indirect) or IDC Rate Policy

Indirect costs are also known as Facilities & Administrative costs (F&A) as defined by federal Uniform Guidance. F&A Costs are general institutional expenditures that are incurred for multiple or shared projects, functions or activities and therefore cannot be specifically identified with relative ease and with a high degree of accuracy to a sponsored project.

It is the policy of the University to charge all sponsored project F&A costs at the appropriate federally approved rate. The exception to this policy is awards from not-for-profit sponsors (e.g. foundations and charitable organizations) and government, which have a stated policy of awarding funds with an F&A rate other than the negotiated rate.

The University negotiates with the Federal Government F&A cost rates applicable to all programs.

As noted above, indirect costs are real costs to the University and may include the salaries of those individuals involved in purchasing equipment for grant activities, payroll, inventory, or custodial services which are not part of the direct costs. In addition, utilities consumed, telephone charges, general office supplies, or copying charges are necessary and these costs must be borne by the institution.

The University's policy on full indirect cost recovery imposes a duty on all University administrators and Principal Investigators to perform sponsored projects on a full cost recovery basis: to ask for and obtain indirect costs from all sponsors. . Any exception reduces revenue to the University and to each campus. A full cost recovery is necessary to support the University's physical and administrative capacity to perform extramural projects.

The F&A rate is developed by the University in accordance with OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, Final Rule (Uniform Guidance) and negotiated with the Department of Health and Human Services, the University's federal cognizant audit agency. The University has an on-site and an off-site rate used for all programs (refer to Facilities and Administrative Procedures). Effective July 1, 2020, through June 30, 2024, the current F&A on-site rate is 71.5% of salaries and wages, off-site rate is 30% of salaries and wages.

At the end of a fiscal year, Finance and Administration will determine the amount of F&A costs recovered and allocate 40% among the Deans based upon the total earned by each school (5% of the school's allocation will be allocated to the Principal Investigators whose grants generated indirect recovery), 40% to the Office of Research and 20% to the Office of the Provost. Each Dean is notified of his/her school's share and given a list of the Principal Investigators and their appropriate share. The Office of Budget and Planning increases the school budgets in the next fiscal year accordingly. For example, the F&A costs earned in FY23 will be allocated at the beginning of FY24. Each Dean will be responsible for allocating funds to the Principal Investigators.

After allocation to their budgets, the Deans can use these funds to further the stated mission of the programs within their schools. Principal Investigators can use their allocations for university related purposes in accordance with existing University policies and procedures. Good examples of fund usage include professional development, offset of existing departmental budgets in the support of funded research projects; shared equipment purchases, the purchase of service contracts; support for publication fees or faculty travel to conferences. Funds may not be used for compensation purposes.

Funds must be spent in the fiscal year they are distributed and cannot be carried over to the following year. Deficits in the account will be charged against the departmental general expense allocation.

References

<https://www.govinfo.gov/app/details/CFR-2023-title2-vol1/CFR-2023-title2-vol1-part200>