

PROPOSED REVISED POLICY

Facilities and Administrative (Indirect) Costs for Sponsored Programs

Policy Number: 5305 [new University Policy Number 6340]

Date Issued: Revised/July 2016

Executive Responsibility: Vice President for Research

Functional Responsibility: Office of Research and Sponsored Programs

5305.1 General Policy

Facilities and administrative (F&A) cost rates applicable to sponsored research and service are negotiated by the Office of the Controller with the university's cognizant federal agency pursuant to Office Management and Budget (OMB) publication 2 CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award." Appropriate federally negotiated rates for the type and location of the supported activity will be applied to all sponsored agreements unless an exception is warranted pursuant to Section 5305.3 of this policy. Changes in the university's federally negotiated rates are widely disseminated among affected members of the university community.

Facilities and administrative costs are the costs associated with sponsored research projects that cannot be allocated to a specific project, as defined in 2 CFR 200:

§200.56 Indirect (facilities & administrative [F&A]) costs.

Indirect (F&A) costs means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

5305.2 Applicability

This policy applies to sponsor budgets prepared by Research and Sponsored Programs for proposals submitted on or after July 1, 2016, for new or competing external funding, or for amendment of funding agreements. This policy does not apply to gifts or charitable grants to the university or to awards solely for student aid, including student

internships. In addition, this policy does not apply to restricted accounts used to hold royalties or other forms of income generated from the commercialization of university-owned technology.

5305.3 Exceptions

F&A rates that are less than the university's federally negotiated rate may be allowed in a proposal.

- Allowable exceptions will be made in order to be consistent with sponsor policy or indirect cost rates defined in specific RFPs or RFAs issued to solicit proposals.
- Any other exceptions to using the federally negotiated F&A rate must be approved by the Vice President for Research and/or the Provost.
- In all cases the difference between the allowed rate in the proposal or award and the university's federally negotiated rate shall be budgeted as a cost-share by the university.

CURRENT POLICY WITH REVISIONS

Facilities and Administrative (Indirect) Costs for Sponsored Programs

Policy Number: **5305** [new University Policy Number 63401]

Date Issued: Revised/July 2016

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Executive Responsibility: Vice President for Research

Functional Responsibility: Office of Research and Sponsored Programs

References: Office of Research and Sponsored Programs

Authority: Office of the Provost

5305.1 General Policy

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Facilities and administrative (F&A) (formerly known as indirect) cost rates applicable to sponsored research and service ~~are~~ should be negotiated by the Office of the Controller with the university's cognizant federal agency pursuant to Office Management and Budget (OMB) publication 2 CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award." Appropriate federally negotiated rates for the type and location of the supported activity ~~will~~ should be applied to all sponsored agreements unless an exception is warranted pursuant to Section **5305.3** of this policy.

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Changes in the university's federally negotiated rates ~~are~~ should be widely disseminated among affected members of the university community, ~~along with the reasons for the changes.~~

Facilities and administrative costs are the costs associated with sponsored research projects that cannot be allocated to a specific project, as defined in 2 CFR 200:

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\$200.56 Indirect (facilities & administrative (F&A) costs.

Indirect (F&A) costs means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.—Examples would be heat, electricity, maintenance, etc.

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5305.2 Applicability

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This policy applies to sponsor budgets prepared by Research and Sponsored Programs for proposals submitted on or after July 1, 2016, for new or competing external funding, or for amendment of funding agreements, all accounts established after January 1, 1998, for externally funded research and service projects. This policy does not apply to gifts or charitable grants to the university

or to awards solely for student aid, including student internships. In addition, this policy does not apply to restricted accounts used to hold royalties or other forms of income generated from the commercialization of university-owned technology.

5305.3 Exceptions

F&A rates that are less than the university's federally negotiated rate may be allowed in a proposal.

- Allowable exceptions will be made in order to be consistent with sponsor policy or indirect cost rates defined in specific RFPs or RFAs issued to solicit proposals.
- Any other exceptions to using the federally negotiated F&A rate must be approved by the Vice President for Research and/or the Provost.

In all cases the difference between the allowed rate in the proposal or award and the university's federally negotiated rate shall be budgeted as a cost-share by the university. In keeping with the university's status as a publicly funded, metropolitan institution, whose goals include the stimulation of regional economic development, the following exceptions are authorized:

- For sponsors that have published policies limiting the amount or rate of facilities and administrative costs, the published rate or amount shall apply.
- In the absence of a published agency policy, grants and contracts with local governmental units in the state of Ohio and Ohio-based nonprofit organizations shall be charged no less than 15 percent of modified total direct costs.
- For contracts with Ohio-based industries, the rate shall be no less than 15 percent of modified total direct costs unless the funds are federal flow through, in which case the university's applicable negotiated rate shall apply. However, if the federal flow through is from a Phase I Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) award to an Ohio-based company, the 15 percent rate may apply.
- For joint Veterans Administration/Wright State University studies, the rate shall be no less than 10 percent of modified total direct costs.
- For awards under the Department of Defense (Research Initiation) Summer Research Extension Program, the rate shall be no less than 15 percent of modified total direct costs.

In all of the above cases, the difference between the rate or amount allowed and the negotiated rate or amount shall be cost shared by the university.

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