

Exception to Facilities & Administration Rates

Facilities & Administrative Costs

Definition of F&A Costs: Facilities & Administrative (F&A) costs are real costs that the institution incurs in support of extramural activities but which cannot be directly charged to a specific grant or contract. The costs result from shared services such as libraries, physical plant operation and maintenance, utility costs, general, departmental and sponsored projects' administrative expenses, and depreciation or use allowance for buildings and equipment. F&A costs also are sometimes called indirect costs or institutional overhead.

F&A rates for all Federal grants and contracts are periodically negotiated with our cognizant Federal audit agency, the Department of Health & Human Services.

Application of F&A Rates: It is the policy of the University to charge the maximum allowable federally negotiated F&A cost rate on all sponsored projects regardless of funding source unless a not-for-profit sponsoring agency's **written policy** will not allow full recovery of F&A costs. For-profit entities are always charged full F&A costs.

With the exception of for-profit sponsors, if a solicitation or agency's written guidelines specify an F&A rate less than the rate currently approved by the University, the rate is accepted as the maximum rate allowed by the funding agency. For example, certain Federal training grant program guidelines allow only an 8% F&A rate, as specified in the relevant training grant program announcement. Similarly, the Colorado Plateau Cooperative Ecosystem Study Unit (CPCESU) published guidelines specify that CPCESU will pay only 17.5% on its grant programs.

F&A Exception

Definition of F&A Exception: When the published F&A rates of non-profit organizations are lower than SUU's established Federal negotiated rate, the organization's rate will be treated as an F&A Exception. Please note that this policy document makes a distinction between an F&A Exception and an F&A Waiver, as defined below. UW-Madison procedures for the two categories differ as outlined below.

Application of F&A Exceptions: Rates prescribed by formal written non-profit sponsor policy uniformly applied to all university grant recipients **do not require F&A waivers**. As noted above, SUU accepts non-profit sponsor F&A exceptions without any special approval process as long as their rates are published and applied consistently to all university grant recipients.

Similarly, Utah Regent's policy R537 concerning "Reimbursed Overhead on State and Local Government Contracts" requires SUU to charge 10% a partial reimbursement of costs incurred. Funds received by state and local government agencies for federal grants on work contracted to SUU must be charged the applicable rate. It is recognized the state or local government may decide to retain a portion of federal funds as reimbursement for administrative functions performed by the agency.