

**University of Rhode Island
Office of the Controller**

Facilities & Administrative (F&A) Costs - Policy #98-01

Issued: January 1999

Effective: July 1999

Revised: June 2019

- I. **Purpose:** This policy outlines the administration of Facilities & Administrative (F&A) costs (indirect costs) at the University of Rhode Island per Uniform Guidance 200.414 – “Indirect (F&A) Costs” and Appendix III to Part 200 – “Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)”.
- II. **Applicability:** This policy applies to all federal and non-federal sponsored agreements (sponsored projects, contracts, and other agreements).
- III. **Responsibility:**
 - A. Controller’s Office is responsible for the administration of this policy, revisions, updates and education and training of the community regarding the policy and any changes.
 - B. Vice-President for Research and Economic Development is responsible for **approving** F&A rates to any sponsored project which is less than the University’s federally negotiated rate.
 - C. Departments are responsible for properly coding expenditures and following the guidelines of this policy.
- IV. **Definition:** Uniform Guidance 200.56 “Indirect (facilities & administrative) (F&A) costs” means those costs incurred for 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. Such costs are typically categorized as:
 - a) General Administration and General Expenses
 - b) Departmental Administration Expenses
 - c) Sponsored Projects Administration
 - d) Building use allowance
 - e) Depreciation
 - f) Interest
 - g) Operation and Maintenance Expenses
 - h) Library Expenses
 - i) Student Administration and Services

- V. **Authority:** It is the University's policy to recover the University's federally negotiated F&A rate from each sponsored award, unless the Vice-President for Research & Economic Development has approved an exception.

NOTE: Principal Investigators are **not** authorized to negotiate F&A cost matters with sponsors.

VI. **Establishing F&A Rates:**

The Office of the Vice President for Administration and Finance has the authority to negotiate with the University's cognizant federal agency F&A rates on behalf of the University. These rates are developed using actual University cost records through a detailed cost accounting procedures.

Based on the above information, an F&A cost rate proposal is prepared by the Sponsored & Cost Accounting under the direction of the Controller and Vice President for Administration and Finance. The proposal is submitted to the Department of Health and Human Services (DHHS), the University's cognizant federal agency.

Through negotiations with DHHS, F&A rates are established for the following types of sponsored projects:

- Organized Research
- Sponsored instruction and training
- Other sponsored activities
- Agriculture Experiment Station

VII. **Application of F&A Rates**

The Modified Total Direct Cost (MTDC) base includes the following types of expenses:

- Salaries and Wages
- Fringe Benefits
- Material and Supplies
- Travel
- Subcontracts up to the first \$25,000 of each subcontract.

MTDC does not include equipment, rental costs, tuition, participant support and that portion of a subcontract over \$25,000.

F&A cost are calculated by multiplying the total of certain direct costs (MTDC) by the current appropriate F&A cost rate. In certain cases, F&A is applied on TDC but only at the agency's request.

Uniform Guidance 200.414 – "Indirect (F&A) costs" (c) (1) the negotiated rates must be accepted by all Federal awarding agencies. A Federal awarding agency may use a rate different from the negotiated rate for a class of Federal awards or

a single Federal award only when required by Federal statute or regulation, or when approved by a Federal awarding agency head or delegate.

VIII. Approval of Lower F&A Rates:

For non-federal sponsors, only the University's Vice-President for Research & Economic Development, may approve the lower F&A rate and be provided documentation to support the non-federal sponsor's consistent requirement for the lower rate among all its awardees.

IX. Responsibilities

A) The Office of the Vice President for Administration and Finance is responsible for:

- 1) University F&A rate policy.
- 2) Negotiating rate with cognizant Federal agency (DHHS).

B) The Vice President for Research & Economic Development is responsible for:

- (1) Notifying Principal Investigators regarding new or changes in F&A federally negotiated rates.
- (2) **Approving** F&A rates to any sponsored project which is **less** than the University's federally negotiated rate.

C) The Sponsored & Cost Accounting Office is responsible for:

- 1) Calculating and recording F&A revenue and expense in the PeopleSoft Grants Module (which is posted to the University's General Ledger) at the rates input for each award.
- 2) Preparing the F&A rate proposal and assisting in the rate negotiations.
- 3) Updating PeopleSoft F&A rate tables for any changes in federally negotiated rates.

D) The Office of Sponsored Projects is responsible for:

- 1) Review of individual proposals to determine the appropriate F&A rate is included in the proposal budget before proposal is submitted to sponsor.
- 2) When an award is granted, updating PeopleSoft for the approved award's F&A budget based on the rate, the F&A rate and F&A distribution.
- 3) Verifying at the end of the award that the correct F&A cost was charged to the award before close out award.
- 4) Updating the F&A prorates in PeopleSoft according to the Board of Education and the University policy.

E) The Principal Investigators are responsible for:

- 1) Using established F&A rate to budget anticipated F&A charges.

X. Distribution of F&A Cost:

The amount of F&A recovered each year on sponsored projects is distributed according to the Board of Education's and the University policy.

Additional Information:

- **University Manual 10.72.10 Procedure for Revisions to the Distribution of Facilities and Administrative (Overhead) Funds**

<http://web.uri.edu/manual/>

- **Facilities and Administrative Costs Rates**

<https://web.uri.edu/research-admin/files/Facilities-and-Administrative-Indirect-Cost-Overhead-Rates-6-20-2019.pdf>

- **Board of Education – RI Office of Postsecondary Education Policy F - 3.1
University of Rhode Island**

<http://www.ribghe.org/polman.htm>