

# Application and Waiver of Facilities and Administration (F&A) costs

## POLICY OBJECTIVE

It is the policy of California State University, Fullerton to ensure compliance with federal consistency regulations regarding the budgeting, application and waiver of facilities and administration (F&A) cost rates; to recoup the maximum allowable F&A cost rate revenue to support campus operations; to minimize and manage exceptions to the budgeting and application of full, federally-negotiated F&A rates; and to provide a description of the various federally-negotiated F&A rates to be used when budgeting for and applying to federal, state, and other sponsored program proposals and awards.

## DEFINITIONS

**Facilities and Administrative Costs:** Those costs that are incurred by the University and/or CSU Fullerton Auxiliary Services Corporation (ASC) which cannot be allocated to a specific sponsored program. These are common expenses which contribute to the research environment of the University. These are also known as “Indirect Costs” or “Overhead Costs”.

**Organized Research:** Research is a systematic investigation, including research development, testing and evaluation, designed to develop or contribute to generalizable knowledge. Organized Research consists of research and development activities of an institution for which accounting, administration, and budgeting are conducted separately. Organized research also includes training of individuals in research techniques (commonly called research training) where training takes place in the same facilities as other research and development activities, and when such activities are not included in the instruction/training function of the university.

**Instruction:** A proposal is identified as “Instruction” when the primary purpose of the project involves training, curriculum development, instruction, demonstration, or efforts to improve pedagogical methods. Instructional projects may include some elements of research, particularly if new techniques of instruction or curriculum content are being developed. This term does not include the training of individuals in research techniques, commonly referred to as research training.

**Other Sponsored Activities:** Proposals for all other activities including health service projects, community service programs, and other projects that do not fall under the definition of “Organized Research” or “Instruction” are considered “Other Sponsored Activities.”

**Off-campus Projects:** When the majority of project activities will be performed off-campus and when the project will not require or have minimum use of on-campus facilities, equipment or other resources, they are considered off-campus projects.

**Modified Total Direct Costs (MTDC):** MTDC includes all direct costs except equipment (\$5,000 or more), capital expenditures, tuition remission, rental of off-site facilities, scholarships, fellowships, and

the portion of each subcontract in excess of \$25,000 (regardless of the period covered by each subcontract).

**Sponsor/Funding Organization:** A Sponsor is the agency, company or organization issuing the award. This includes federal, state and local governments, foundations, for-profit organizations, corporations, other private funders or public charities.

## **POLICY STATEMENT**

### Background

The CSU Fullerton Auxiliary Services Corporation (ASC) is the designated fiscal agent for California State University, Fullerton (CSUF), and is the entity of record for submitting proposals to external sponsors and for receiving, accepting, and managing all externally-funded grant and contract awards.

### Description of Facilities & Administrative (F&A) Rates

The total cost of all externally funded projects consists of expenses incurred for both direct and indirect (F&A) activities. F&A costs represent real costs which the University and ASC incur for every program, regardless of whether these costs are paid for by an external sponsor or by the University. Through a letter from the Department of Health and Human Services Indirect Cost Rate Negotiation Agreement dated 05/02/2013, the Federal Government has approved the use of the following rates [\[1\]](#) for projects at CSUF and ASC:

- 40% for Organized Research
- 45% for Instruction
- 37% for Other Sponsored Activities
- 26% for Off-campus Projects

### Application of On-Campus and Off-Campus Facilities & Administrative (F&A) Rates

When determining whether to request CSU Fullerton's on-campus F&A rate or the off-campus F&A rate, the following standards will apply:

- Projects conducted entirely on-campus must use the on-campus rate.
- The off-campus rate is applicable to those projects conducted at facilities or locations not owned or leased by the University or ASC. For purposes of this policy, the off-campus rate does not apply to an employee's personal residence/home.
- For projects conducted partially on-campus and partially off-campus, the rate consistent with where the majority of the work will be performed throughout the entire project period should be used. For purposes of this policy, "majority" means 51%.

**NOTE: A grant or contract will not be subject to more than one F&A rate; only one rate will be applied to the entire project period.**

### Application of Sponsor's Published Rates

While it is recognized that F&A recovery rates allowed by funding organizations are not under the University's or ASC's control, it is the policy of the university and ORSP that all proposals for

extramural funding be budgeted at the federally approved negotiated rates listed above. Exception to this may be made for the following reasons:

1. The published solicitation (also known as Request for Proposals or RFP), guidelines or other instruction from the funding agency clearly state a different (lower) allowable rate to be applied, otherwise a proposal is deemed as non-responsive; or,
2. The sponsor has a published rate that is lower than our negotiated rate; or,
3. The sponsor has provided a written notice to apply a different/lower rate.

#### Special Exceptions

A recovery below a sponsor's published rate is a rare and significant policy exception. However, the university recognizes that situations may arise which necessitate consideration on a case-by-case basis. These situations require review and prior written approval of the Principal Investigator's (PI's) department chair, college dean, and the AVP-ORSP. To request an exception to the F&A cost rates outlined in this policy, please complete the Facilities and Administrative/Indirect Cost (F&A/IDC) Deviation/Waiver Request Form.

[1] All rates are based on Modified Total Direct Costs (MTDC). The rates above are in effect through June 30, 2016. An addendum to this policy will be published as new rates are negotiated and approved.