

Facilities and Administrative (F&A) Cost Policies

SPA-11-007

About This Policy

Effective Dates:

04-23-2011

Last Updated:

09-08-2016

Responsible University Administrator:

Associate Vice President for Research

Policy Contact:

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Scope

This policy applies to all Indiana University faculty and staff involved in the development and submission of proposals for external support.

Policy Statement

It is the policy of Indiana University that the appropriate Facilities and Administrative (F&A) Costs, also known as Indirect Costs (IDC), be included in all requests for externally-funded sponsored programs. Waiver requests for proposals for Federal (including pass-through) or commercial funding require approval of the Associate Vice President for Research Administration. All other waiver requests may be approved by the appropriate Dean or Responsibility Center head or their appointed delegates.

Reason For Policy

This policy is to provide direction for recovery of all program costs of grants and contracts by requiring that Facilities and Administrative Costs are included in the proposed budgets. F&A costs are costs that are incurred for common or joint objectives and cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. 2 CFR 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards provides guidance on determining whether a cost can be directly charged to a sponsored project or if it should instead be included as F&A. It is important to collect full F&A costs in order to offset the full costs of conducting research and other sponsored programs. These costs are reflected in the Facilities and Administrative Cost Rate Agreement negotiated between Indiana University and the U. S. Department of Health and Human Services.

Procedure

Full F&A cost recovery should be included in all sponsored program proposals unless a waiver is granted or where sponsor guidelines or written policies limit the F&A rate to less than the university's negotiated rate. The F&A cost rates are set through periodic negotiations with the federal government to recover actual expenses incurred by the university. Exceptions to the policy are made for certain proposals to the State of Indiana and proposals where the agency guidelines state that no F&A costs or less than full F&A costs will be paid. Non-federal organizations whose guidelines will not permit F&A costs should be reviewed to determine if some of the F&A items might be included as direct costs. Proposals to commercial sponsors or for Federal funds (including pass-through) should normally include full F&A recovery.

Waiver requests for commercial or Federal (including pass-through) funding are to be initiated by the academic unit and approved by the school/responsibility center and the Associate Vice President for Research Administration or her/his designee.

Indiana University's appropriate F&A rate is dependent on the type of activity and the location (on or off campus).

See the Definitions section of this policy for additional guidance that may be useful in identifying the type and location as it applies to determining the appropriate F&A rate.

See the following website for additional guidance: [IU F&A Rates](#)

Definitions

Facilities and Administrative Costs (F&A): Costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. F&A costs are synonymous with indirect costs and overhead costs.

Sponsored Research: Sponsored systematic investigations, including research development, testing and evaluation, designed to develop or contribute to generalizable knowledge that are established by grant, contract, or cooperative agreement.

Sponsored Instruction: Sponsored teaching and training activities of Indiana University that are established by grant, contract or cooperative agreement. This includes all such activities regardless of whether they are offered for credit toward a degree or on a non-credit basis.

Other Sponsored Activities (including service projects): Sponsored programs and projects that involve the performance of work other than sponsored instruction and sponsored research. Examples of such programs and projects are health service projects, and community service programs.

Off-campus research: All sponsored activities performed in facilities not owned by the university **and** to which rent is directly allocated to the project(s). Project costs should be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate. The off-campus indirect cost rate includes only the administrative pools of cost.

On-campus research: Any sponsored project that does not meet the definition of "Off Campus".

Sanctions

Failure to adhere to the principles and processes in this policy may result in the adjustment of budgets and expenditures or the use of departmental funds to ensure that appropriate F&A costs are collected.

History

Replaces:

- III-1 "Policies Related to Contract and Grant Administration: Sponsored Program Proposals and Facilities and Administrative Recover (F&A) formerly known as Indirect Costs"
- III-10 "Policies Related to Contract and Grant Administration: Indirect Cost Rates for On- and Off-Campus Projects"

Previous Versions:

[Effective Dates: 04/23/2011 - 09/08/2016](#)