Facilities and Administrative (F&A) Costs

Scope
This policy applies to all University of Nebraska at Omaha (UNO) faculty, research professionals, administrative staff, including those on limited appointments, and students who are applying for federal or non-federal external funding.

Policy Statement
Facilities and administrative (F&A) costs, also known as indirect costs, are costs incurred in support of sponsored projects, but not identifiable with any single project. Facilities costs can include but are not limited to electricity, water, utilities, custodial services, plant operations, and maintenance expenses. Administrative costs can include but are not limited to payroll, accounting services, office supplies, departmental administration, procurement services, library services, and sponsored project administration. These costs are incurred whether the sponsored project is federally or non-federally sourced. Sponsored projects encompass all scholarly activities such as consulting, training, instruction, research, fellowships, or other similar academic activities.

The federal government recognizes that it is not possible to accurately capture all costs of an organization that are allocable to a particular sponsored project. The Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly called "Uniform Guidance") is the authoritative set of rules and requirements for Federal awards. The Uniform Guidance aims to reduce the administrative burden on award recipients and, at the same time, guard against the risk of waste and misuse of Federal funds.

Uniform Guidance 2 CFR 200, Subpart E-Cost Principles define a process for grouping costs into specified cost pools, which are then distributed to appropriate activities in a cost allocation process. Once the cost allocations are made, negotiations take place between the university and its cognizant agency. UNO negotiates with the Department of Health and Human Services (DHHS). Rates are generally renegotiated every four years.

Uniform Guidance 2 CFR 200.414(c), states:

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 based on documented justification as described in paragraph (c)(3) of this section.

2) The Federal awarding agency head or delegate must notify OMB of any approved deviations.

3) The Federal awarding agency must implement, and make publicly available, the policies, procedures, and general decision-making criteria that their programs will follow to seek and justify deviations from negotiated rates.
(4) As required under §200.203 Notices of funding opportunities, the Federal awarding agency must include in the notice of funding opportunity the policies relating to indirect cost rate reimbursement, matching, or cost-share as approved under paragraph (e)(1) of this section. As appropriate, the Federal agency should incorporate discussion of these policies into Federal awarding agency outreach activities with non-Federal entities before the posting of a notice of funding opportunity.

Per this guidance, UNO applies its federal F&A rate to all federally funded projects, whether we are the prime recipient or a sub-recipient of those funds. UNO also applies its federal negotiated F&A rate to projects funded by business, industry, or foundation partners. These projects incur the same costs as federally funded projects. Requesting F&A allows the university to recover some of its real costs.


Date of Rate Agreement: June 30, 2020

- **On-Campus Rate: 46.50%**
  The on-campus rate is applicable to all sponsored project activities that are conducted in space, buildings or property owned or leased by some entity of UNO.

- **Off-Campus Rate: 21.30%**
  A sponsored project is off-campus if at least 50% of activities are conducted in space, buildings or property that is not owned by UNO and the facility-related costs (rent, utilities, & other maintenance) are either directly charged to the project or occur without a cost to the university.

- **Carnegie Community Engagement Rate: 21.30%**
  As a Carnegie Community Engagement institution, UNO is dedicated to the city and state in our name. Therefore, any sponsored projects funded by local government and local not-for-profit agencies within the Omaha Metro area, the University will charge an F&A rate of 21.30%.

- **Graduate Student Support Rate: 21.30%**
  Sponsored projects that fund only graduate student support (salary, fringe benefits, and tuition) will charge an F&A rate of 21.30%. This reduced rate will not apply to federal pass-through funds. In the case of federal pass-through funds, the University expects recovery of F&A at the full rate.

The rates are expressed as a percentage of modified total direct costs (MTDC) expended, per Uniform Guidance 2 CFR 200.1. Of the total direct costs of a project, the MTDC calculation includes 1) all direct salaries and wages, 2) applicable fringe benefits, 3) materials and supplies, 4) services, 5) travel, 6) and subawards up to the first $25,000 of each award. MTDC excludes 1) any equipment item having an acquisition cost of $5,000 or more and a useful life of over one year, 2) capital expenditures 3) charges for patient care 4) tuition costs, 5) rental costs of off-site facilities, 6) scholarships, 7) fellowships, and 8) the portion of each subaward/commitment above $25,000.

The applicable F&A rate will be determined by the Office of Sponsored Programs (OSP) in collaboration with The Office of Research and Creative Activity (ORCA) and Grants Accounting Leadership.

In order to identify the appropriate F&A rate to use on federal and non-federal sponsored projects and to determine when the full F&A rate is not applicable, all externally sponsored funding proposals must be reviewed and routed through OSP. This is applicable to any proposal that is funded by a third party external to UNO and that involves one or more of the following: an authorized university signature, commitments of University resources, specific deliverables, a budget, one or more subrecipients, and human subjects, vertebrate subjects, radiation, and/or biohazards.

An award that comes without having been routed through OSP and properly approved by the Board of Regents appointed Authorized Organizational Representative (AOR) will be delayed until OSP determines that the applicable F&A rate was used, reviews for University compliance, and obtains all approval signatures. This is applicable to all award mechanisms, including but not limited to grants, cooperative agreements, contracts (procurement, service, or consultant), agreements, fellowships, and sponsorships. This is done to ensure protection of the interests and integrity of scholars, researchers, and the university.

ORCA retains authority for waivers or reduction of F&A costs on proposals and awards. Because F&A costs represent true costs of a project, waiver requests should be limited only to those rare circumstances where the benefit to the university outweighs the monetary loss to the university.

Some circumstances under which a waiver will be considered include:
1) the sponsoring agency has published policies limiting or prohibiting the payment of full F&A or indirect costs; or
2) the project requires significant cost-sharing that cannot be met by other sources; or
3) there are extenuating circumstances that support such a waiver.

Any request to waive full F&A must be thoroughly justified and approved by the Associate Vice Chancellor for Research and Creative Activity. Notification of the waiver determination will be sent via email to the requester and uploaded into MavGrants.

A formal waiver request is not required if:

1) The sponsor’s existing published policy limits the use of UNO’s full F&A rate, a copy of the published policy, request for funding announcement, or the website where the information can be found is sufficient for justification and will be uploaded into MavGrants.

2) If the policy is not publicly published but is being requested by the sponsor for the project, an email or letter from the sponsor needs to be submitted to OSP for review. This documentation will be reviewed and approved on a case-by-case basis. If approved, this documentation will be uploaded into MavGrants.

Reason for Policy
To identify the appropriate F&A rate to use on federal and non-federal sponsored proposals and to determine when the full F&A rate is not applicable. This policy further establishes consistent operational practices for requesting a reduction or waiver of the full F&A rate.

Procedures
F&A costs are real costs to the university. As such, UNO expects the full applicable F&A rate to be charged on all sponsored projects. In some circumstances, a waiver of the full F&A rate is needed. The need for a waiver of F&A or use in institutional cost-sharing should be identified, justified, and requested before completing the budget for the proposal. The request MUST be approved and uploaded before routing the MavGrants form for submission approval.

Request:
To request F&A to be reduced, waived, or used as institutional cost share, an F&A Waiver (FAW) Form needs to be submitted. It is the responsibility of the project’s lead PI to complete the FAW and send for approval. The FAW form identifies:

- The PI and other UNO collaborators
- Proposal Title
- Agency and program to which the proposal is being submitted
- Proposed F&A rate
- Amount of F&A Requested
- Amount of F&A Being Waived
- Rationale and justification for reducing F&A including (if applicable):
  - The total amount of proposed institutional cost share, including a breakdown of the applicable academic unit(s) cost-share contributions

Approval:
The online FAW form will be sent OSP for initial review to ensure all applicable information and back up documentation is provided. OSP will then send the request to the Associate Vice Chancellor for Research and Creative Activity for consideration. Additional information or clarification may be requested by OSP and/or the Associate Vice Chancellor for Research and Creative Activity.

- Notification of the waiver determination will be sent to OSP and distributed to the requester
- A copy of the determination will be uploaded in MavGrants.

Definitions
Authorized Organizational Representative (AOR): an individual who is authorized to sign on behalf of the proposing organization. For UNO, this person must be approved by the University of Nebraska Board of Regents. Only the AOR is authorized to submit a proposal or sign agreements on behalf of UNO.
Sponsored Projects: the term “projects” encompasses all scholarly activities such as consulting, training, instruction, research, fellowships, or other similar academic activities.

Additional Contacts

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<th>Contact</th>
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<tr>
<td>OSP</td>
<td>402.554.2286</td>
<td><a href="mailto:unosponpro@unomaha.edu">unosponpro@unomaha.edu</a></td>
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Forms

F&A Waiver Form (FAW)

History

This is a new draft policy to establish consistent operational practices for identifying the appropriate F&A rate requesting a reduction or waiver of the full rate.