



## Policy 2.127

### Policy on Research Facilities and Administration Costs

**Responsible Official:** Vice President for Finance/Chief Finance Officer

**Administering Division/Department:** Sponsored Programs Accounting

**Effective Date:** May 03, 2007

**Last Revision:** August 29, 2012

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#### Overview

Emory University's Policy on Research Facilities and Administration Costs addresses the role of the University and the research as recipients of federal awards.

As such, the University is obligated to comply with costing rules and regulations promulgated by various federal offices. These offices include sponsoring agencies such as the National Institutes of Health and the National Science Foundation, and regulatory agencies such as the Office of Management and Budget (OMB). This policy has been established to meet the compliance standards set forth in [Office of Management and Budget \(OMB\) Circular A-21, Cost Principles for Educational Institutions](#). Adherence to these cost principles and practices by the University is necessary to prevent cost disallowances by the federal government. It is the responsibility of principal investigators, department heads and administrators to understand and comply with this policy.

#### Applicability

This document applies to faculty, staff and students at Emory University

#### Policy Details

**Emory University's Policy on Facilities and Administration (F&A) Costs** is to request the appropriate federally negotiated F&A cost rate in the proposal budget on all sponsored projects regardless of funding source unless a nonprofit sponsoring agency's **written policy** will not allow full recovery of F&A costs.

F&A costs are real costs incurred by the Schools/Centers and Institution in support of sponsored activities but cannot be directly identified with a specific grant or contract. The costs result from shared services such as libraries, physical plant operation and maintenance, utility costs, general, departmental, unit/school and sponsored projects' administrative expenses, and depreciation for buildings and equipment. These are real costs built into the University budget.

The facilities and administration costs recovered on grants allow the institution to build, maintain, and operate research facilities (as opposed to teaching facilities). It is the obligation of all researchers who use institutional facilities to bring in grant funding along with the attendant F&A costs. The F&A cost dollars received are not extra dollars, but are part of the budget and are fully used to make the system work. Without them, research laboratories and facilities cannot be built and maintained.

Facilities and Administration cost and fringe benefit rates for all Federal grants and contracts are periodically reviewed and negotiated with the Department of Health & Human Services, our cognizant federal audit agency.

### **F&A Cost Waivers**

The F&A cost waiver is an institutional agreement that F&A costs will be charged at a rate lower than the sponsor's published rate.

Waivers, while rare, may be requested from the appropriate Dean or Director's Office. If the Dean/Director's Office approves the request, it is then forwarded to the Office of Sponsored Programs (OSP) for review and approval/disapproval.

A waiver is not necessary when the lower rate is the agency's published rate. However, a copy of the program announcement or RFP stating the limitation on F&A cost funding must be routed to the appropriate Dean/Director's Office and OSP in order to document the lower rate.

OSP's review consists of the application of DHHS or other Federal sponsor regulations, Office of Management and Budget (OMB) regulations, bond agreement restrictions, IRS guidelines, state and local government regulations/laws, the proper application of this policy, and consistency in applying waivers within the University. In the event the PI and the School/Center disagree with a decision by OSP, they may appeal the decision to the Executive Vice President for Health Affairs (if in WHSC) or Provost (if outside of WHSC) and the Executive Vice President for Finance and Administration.

### **Routing Requests for F&A Cost Waivers**

If the PI is contemplating the submission of a waiver request, he/she should contact the appropriate Dean/Director's Office to discuss prior to submitting the official request. The request for the waiver must be transmitted to the appropriate Dean/Director's Office one week before the proposal deadline. It may be routed separately from the completed proposal in order to adhere to this deadline. The Director/Dean's office must permit 48 hours for OSP review. When waiver requests are submitted after this timeframe, OSP reserves the right to request full F&A costs.

### **Budgeting F&A (Indirect) Costs as Direct Costs**

When preparing proposal budgets for nonfederal sources paying lower than the federal negotiated rate, PI's are encouraged to include costs that are normally considered to be indirects on federal projects such as office supplies, telephone, dues and subscriptions, general purpose equipment, administrative and clerical salaries, etc., as appropriate. If such costs are included in the proposal, this information should be included in the waiver request. This practice will be favorably viewed in the waiver review/approval process.

### **Federal Sponsors**

The full F&A cost rate will always be charged when permitted by the government. A rate lower than the rate permitted by the federal sponsor requires a waiver.

### **Nonprofit Sponsors**

Emory accepts lower F&A cost rates from non-profit sponsors as long as their rates are published and applied consistently to all university grant recipients. F&A cost waivers for non-profit foundations, voluntary health organizations, or corporations are not required when the organization has an *explicit published policy* limiting the amount. If a non-profit sponsor does not specify the maximum amount allowed, or if its policy establishes the F&A cost rate as "negotiable," then the Faculty member should discuss with his/her Dean's/Director's Office, prior to submitting the grant application. In these cases, the PI, the School/Center and the University will be expected to negotiate a mutually agreeable F&A cost rate. Exceptions to the full rate will require a waiver.

In budgets to corporate foundations that do not have a true arms-length relationship with their For-Profit (Parent) or where the non-profit corporation is a management/fiscal pass-through for clinical trials oversight on behalf of a Federal Agency, the School/Center and the University generally expect that the full federal F&A cost rate will be charged. Exceptions to the full rate will require a waiver.

### **State and Local Governments**

The School and the University treat these programs in the same manner as Federal grant programs. The full F&A cost rate will be expected unless the agency's published rate is less.

### **Clinical Trials**

A clinical trial is a prospective intervention study in human subjects that has measurable outcomes. It may employ one or more intervention technique(s) including prophylactic, diagnostic or therapeutic agents, devices, or procedures. It must have approval of the IRB or review with determination of exemption. Clinical Trials are distinguished from other types of Clinical Research that may need IRB approval but do not meet the other criteria of a Clinical Trial. The current minimum F&A cost rate for industry sponsored clinical trials can be found at

[http://www.ogca.emory.edu/Cost\\_Studies/fa.cfm](http://www.ogca.emory.edu/Cost_Studies/fa.cfm).

### Industry

Industry is expected to pay the full federally negotiated F&A cost rate on all sponsored research excluding clinical trials.

### Foreign Governments

Foreign governments are expected to pay the full federally negotiated F&A cost rate.

### Related Links

- Current Version of This Policy: <http://policies.emory.edu/2.127>
- [F&A Rates](http://www.ogca.emory.edu/Cost_Studies/fa.cfm) ([http://www.ogca.emory.edu/Cost\\_Studies/fa.cfm](http://www.ogca.emory.edu/Cost_Studies/fa.cfm))

### Contact Information

Subject	Contact	Phone	Email
Clarification of this document	Office of Sponsored Programs	404-727-0551	kpeluso@emory.edu

### Revision History

**No previous versions of this policy were found.**

*Emory University policies are subject to change at any time. If you are reading this policy in paper or PDF format, you are strongly encouraged to visit [policies.emory.edu](http://policies.emory.edu) to ensure that you are relying on the current version.*