UNIVERSITY OF MIAMI
SPONSORED PROGRAMS POLICIES AND PROCEDURES

Section B: Proposal Preparation
Policy B2.1: Application of Facilities & Administrative Rates to Proposal Budget and Facilities & Administrative Rate Waivers

Approval: April 1, 1996
Reviewed: December, 2006

PURPOSE:

To establish a policy and procedure to ensure the correct application of the facilities and administrative rate(s) to sponsored project proposal budgets, including federal and nonfederal agencies.

DEFINITIONS:

Direct Costs (DC): Consists of costs that can be identified specifically with a particular sponsored project, an instructional activity, or any institutional activity, or that can be directly assigned to such activities with relative ease and with a high degree of accuracy.

Modified Total Direct Costs (MTDC): Consists of the following types of direct costs: all salaries & wages, fringe benefits, materials, supplies, services, travel, and subgrants & subcontracts up to $25,000 of each subgrant or subcontract (regardless of the period covered by the subgrants or subcontract). The following types of costs are to be excluded: equipment, capital expenditures, charges for patient care & tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of $25,000.

Total Direct Costs (TDC): Consists of all direct costs with no exclusions, including all costs mentioned within Modified Total Direct Costs.

Facilities and Administrative Costs (Formerly Indirect Costs) (F&A): Consists of costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, and instructional activity, or any other institutional activity. For example: depreciation of buildings and equipment, general administration & general expenses, sponsored projects administration expenses, operation & maintenance expenses, library expenses, departmental administration expenses, and student administration & services.

Facilities and Administrative Rate (formerly Indirect Cost Rate): The rate negotiated between the university and the U.S. Department of Health and Human Services (DHHS). This rate is represented in an executed Negotiated Agreement for reimbursing F&A costs under federal grants and contracts for the period of time specified in the rate agreement.

Off-Campus Rate: The F&A rate used for all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s). Grants or contracts will not be subject to more than one facilities and administrative rate. If more than 50 percent of a project is performed off-campus, the off-campus rate will apply to the entire project.
**On-Campus Rate:** The F&A rate used for activities performed in facilities owned by the university.

**POLICY:**

All sponsored projects will be assessed indirect costs at the currently effective facilities and administrative rate, regardless of funding source.

In instances where a sponsor will not reimburse the university at the negotiated facilities and administrative rate, the Principal Investigator with approval from the Dean of the School that is home to the project, may request a waiver of facilities and administrative costs. Final authority to approve the waiver rests with the Vice Provost for Research or his/her designee. In the event the Dean of the School refuses to request a waiver, the Principal Investigator of the proposed project may appeal directly to the Vice Provost.

**REFERENCES:**

*Public Health Services Grants Policy Statement.*  
*National Science Foundation Grants Policy Manual*  
*OMB Circular A-21.*  
*Negotiation Agreement with cognizant Negotiation Agency*

**PROCEDURES:**

1. Research Administration - Pre-Award (RA) is responsible for reviewing proposals and ensuring that the appropriate F&A rate has been applied to the proposal budget.

2. When a sponsor’s F&A rate varies from the rate negotiated with DHHS, RA must retain a copy of the sponsor’s policy on F&A.

3. RA, with the assistance of the principal investigator/program director (PI), must seek reimbursement of F&A costs from all sponsors at the university’s negotiated F&A rate.

4. When a sponsor will not reimburse the university at the negotiated F&A rate, the PI must complete a voluntary “Request for Facilities & Administrative (Indirect) Cost Waiver” form. The waiver request must include a complete justification for the university to accept an award that does not reimburse for the complete F&A cost recovery. This form must be completed by the PI and his/her department chairperson and submitted for approval/authorization to the Dean of the School and the Vice Provost’s Office. Blank forms can be located at:  
   [http://www6.miami.edu/controller/facilities.doc](http://www6.miami.edu/controller/facilities.doc)