

# FERRIS STATE UNIVERSITY

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## DIVISION OF ADMINISTRATION AND FINANCE

### Grant Guideline for Managing Facilities & Administrative Costs Administration and Finance Business Policy

Policy Number: 2021:10

Review Date: 3/7/22

#### GUIDING PRINCIPLES

Facilities and Administrative (F&A) costs are real and necessary university costs incurred for shared purposes and that support the overall operation of the institution. F&A costs cannot be identified specifically with a particular sponsored project, instructional activity, or any other institutional activity; nor can they be directly assigned to such activities with a high degree of accuracy without effort disproportionate to the results achieved. The F&A costs are often referred to as “Indirect Costs or IDC”.

Per Title 2, Part 200 of the U.S. Code of Federal Regulations (2 CFR 200), entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”, F&A costs can be grouped in two broad categories:

Facilities: depreciation and use allowance, interest on debt associated with certain buildings, equipment and capital improvements, operations and maintenance expenses, and library expenses; and

Administration: general administration and general expenses; departmental administration; sponsored projects administration; student administration and services; and all other types of expenditures not listed specifically under one of the subcategories of facilities.

Direct costs, on the other hand, can be identified specifically with a particular sponsored project, or other internally or externally funded activity, or can be directly assigned to such activities relatively easily with a high degree of accuracy. Importantly, costs incurred for the same purpose in like circumstances must be consistently treated as a direct cost or an F&A cost.

F&A costs are recovered from applicable sponsored agreements as a percentage of their Total Direct Costs (TDC) or Modified Total Direct Costs (MTDC), the latter of which consists of all salaries and wages, fringe benefits, materials, supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships, and fellowships are excluded from Modified Total Direct Costs.

## UNIVERSITY GUIDELINE

It is the university's policy to claim the maximum allowable reimbursement for F&A costs based on sound cost accounting principles. The rate that is negotiated under the provisions of 2 CFR 200 of the Code of Federal Regulations (NICRA) should be included in all grants, sponsored projects, and contracts with external funding sponsors. In cases where a Sponsor does not allow indirect costs, or F&A rate is less than NICRA, see below (section 3.0) for managing exceptions. The FSU negotiated NICRA rate must be accepted by all federal awarding agencies, unless a different rate is required by federal statute or regulation, or has been approved by a federal awarding agency head or delegate. In the case of non-federal sponsors, it is the university's policy to obtain as complete a reimbursement for F&A costs as possible. Whenever less than full reimbursement of F&A costs is contemplated, an F&A Waiver (see below) is required (see below). Should the University fail to recover the full costs of a project, there are two consequences. Not only does the University absorb the remaining cost but also University dollars subsidize the agency. In effect, the University limits its resources to the benefit of the agency.

## FACILITIES & ADMINISTRATIVE WAIVERS

F&A waivers are required if the Principal Investigator, sponsor, or others related to the project are requesting the use of an F&A rate other than the University's federally negotiated rate (NICRA) without published guidelines indicating the required use of a lesser rate. If F&A is waived improperly, it could jeopardize the negotiation of the federally approved rate agreement. Documentation of all F&A waivers ensures the University has reviewed requests for consistency in costing proposals. The waiver process also determines if the scope of work needs to be adjusted to ensure full cost recovery. The ability to approve requests is kept to only a few people across the campus to ensure that requests are both approved and denied consistently.

Established exceptions: Ferris will accept reduced F&A for not-for-profits and private foundations (as long as the restrictions are published as part of the organizations' guidelines) because the mission/goals of these types of organizations are typically in existence to benefit the public well-being as a whole. When F&A is at a reduced rate the rate should be applied on a Total Direct Cost (TDC) basis instead of MTDC. Published guidelines from for-profit entities are generally not accepted or approved by waiver. Email from the sponsor does not constitute "published" guidelines.

The following is a list of a few examples where some or all of Ferris' F&A recovery may be waived:

- Domestic and foreign non-profit organizations with published guidelines prohibiting or limiting recovery of F&A
- State of Michigan funding (except in the case of certain agencies and programs which have a history of paying F&A)\*
- Federal funds subject to a statutory cap on F&A (e.g., DoD, USDA)
- Intergovernmental Personnel Agreements unless all or a portion is specifically allowed by the sponsoring agency
- Proposals with direct costs less than \$10,000 for corporations, foundations and not-for-profit organizations. Multiple proposals resulting in awards from the same organization, to the same PI for the same scope of work will be assessed F&A when the combined awarded direct costs equals or exceeds \$10,000.
- Internal funding from other University Funds
- Unrestricted Gifts/Voluntary Support

\*F&A should never be waived on federal flow-through funds, regardless of whether such funds are flowed through state government, local government, etc. (unless cost-sharing of F&A has been approved by the appropriate campus official).

Regardless of any published guidelines from for-profit companies and foreign governments, Ferris will only allow a reduced F&A rate to be budgeted or charged if the remaining F&A is cost-shared. Since FSU is a State-funded public institution, funds obtained through taxpayer revenue or student fees are not appropriate to use as cost-sharing on projects which benefit a for-profit organization or a foreign government.

## FACILITIES & ADMINISTRATIVE ALLOCATIONS AND USE GUIDELINES

F&A costs recovered from sponsored projects are allocated to operating units for expenditures through the normal university budgetary procedures, as follows:

ORSP:	50%
College/Unit:	15%
Project Director/PI:	20%
Finance & Administration:	15%

Office of Research and Sponsored Programs: The ORSP shall use indirect costs for such expenses as providing support for the preparation of proposals for competitive grants and awards; administration of applications (pre-award and post-award); securing vendors and contractors; software to support Research Compliance, IRB, and federal grant applications; grant searching/prospecting; holding grant writing workshops for faculty and staff to prepare proposals; funding to support the Summer Student Research Fellowship (SRF) program, including student stipends and research supplies.

College/Unit: The originating College or Unit shall use indirect costs as seed money for purposes such as department/administrative support for the grant; faculty start-up costs; providing carry-over funding to research priority areas; paying for capital equipment to allow for expansion of research capabilities; and providing matching funds required by some federal agencies.

Project Director/PI: The faculty or staff PD or PI that received the grant award shall use indirect costs to support the development of their individual research and professional development.

Administration & Finance: The Division of Administration & Finance shall apply indirect costs to expenses related to accounting and auditing for a grant, providing clerical support and administrative support.

## CONTACTS

For more information, please contact the following departments:  
Office of Academic Affairs and Office of Administration & Finance

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