FACILITIES AND ADMINISTRATIVE COSTS (F&A)

Facilities and Administrative costs (F&A), also referred to as "indirect costs" or "overhead," are actual costs that the University of New Hampshire (University) incurs when research, education or outreach projects are performed at the University. These costs include the following: administration; utilities; buildings and grounds operations and maintenance; library-related expenditures; various types of University services such as telephones, computer infrastructure and postage services; departmental, college and service unit administrative costs; and federally-mandated research compliance.

All sponsored projects are required to charge the full federally negotiated F&A rate regardless of the sponsor. This requirement to charge the full F&A rate rule applies to applications and proposals submitted to government agencies, private companies, industrial groups, foundations, or other organizations.

FEDERALLY NEGOTIATED F&A RATE AGREEMENT

The University's cognizant federal agency is the U.S. Department of Health and Human Services. The current rate agreement can be found here.

CALCULATING F&A COSTS

The F&A rate is a percentage of a base amount established by negotiation with the cognizant federal agency on the basis of the institution's projected costs and distributed as prescribed in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The appropriate F&A rate to be used is determined by the type of project work. Sponsored project types are Research, Instruction, Other, and Off-Campus. Current rates can be found in the current rate agreement on the research website.

To determine F&A costs, calculate the sum of all budgeted direct costs (total direct costs). Next, calculate modified total direct costs (MTDC) by subtracting any of the budget items listed below. Finally, apply the appropriate F&A rate (percentage) to MTDC (multiply MTDC by F&A rate). The resulting figure is the F&A cost.

MTDC excludes the following costs:

- Capital Expenditures
- Equipment (any one item over $5,000)
- Rental costs of off-site facilities
- Scholarships and Fellowships
- Subaward portion in excess of $25,000

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RATE TYPES

**Research (On-Campus)** - On-campus is defined as research that is conducted in space owned by the University and for which the University is bearing the space costs. For space used for on-campus research, the University has already included the costs associated with that space in the “Facilities” portion of the Research (on-campus) rate.

**Instruction** - Proposals requesting funds for academic year training programs, or the development and introduction of new or expanded courses and similar instruction-oriented activities should request F&A costs using the Instruction rate.

**Other Sponsored Programs** - The Other Sponsored Program rate applies to those programs that are neither research nor instructional in nature but are for support of outreach, service or technical assistance programs. These projects should be budgeted using the Other Sponsored Projects rate.

**Off-campus Rates** - The off-campus rates may be applied for federally sponsored grant, contract, or cooperative agreement activities only when the project activities occur in facilities not owned and maintained by UNH and when rent for those facilities is treated as a direct cost in the project budget and reimbursed by the sponsor and if more than 50% of the project salaries are performed in such rented facilities, the off-campus rate should be applied.

Routine field-work, such as data and sample collection for environmental research, collection of observational data in local public schools for educational research, or manuscript review at an out-of-state library for historical research, does not constitute off-campus research. The PI/PD typically returns to campus where university infrastructure and resources are available to support other project activities such as analyzing samples and data, conducting experiments, and preparing reports and manuscripts, entitling the University to collect F&A to cover facilities costs.

A single F&A rate (either on campus or off campus) must apply to each grant or contract.

**SPONSOR RATES**

Some sponsors limit or eliminate the F&A rate an institution would ordinarily include in its sponsored project budget. UNH will accept a different rate only when it is a state policy of the sponsor. When this is the case, please supply a copy of the written policy to SPA when submitting the proposal for review. The rate base for externally funded programs that propose to pay less than the established F&A rate is “total direct costs” unless otherwise specified by sponsor.

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REQUESTING AN F&A WAIVER

It is the policy of the University to collect the full, negotiated F&A rate on all sponsored projects. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires all federal sponsors to pay the University's federally negotiated rate unless an agency has a statutory exemption.

Waiver: An F&A waiver is the difference between the University's approved F&A rate and the sponsor's F&A rate, identifying the portion of costs of the program that University would incur. Waivers must be requested using the “Request for Facilities & Administrative (F&A) Cost Waiver Form” and approved by the dean or RC unit head and the Senior Vice Provost for Research.

Note: A sponsor policy that mandates an F&A rate that is lower than the University's full F&A rate is not considered a voluntary waiver.

F&A DISBURSEMENT

F&A cost revenues are deposited directly into UNH’s general fund along with revenue from tuition, fees, and state appropriations, and are used to cover UNH’s expenses. Under UNH’s decentralized budgeting system (RCM), the F&A revenue is distributed in the fiscal year in which it is received, as follows: 66% to the Project Director’s Responsibility Center; 24% to support central administration; and 10% to the Project Director to further his/her program objectives. (See section 3.1 of the RCM Manual https://www.unh.edu/sites/default/files/departments/vice_president_for_finance_administration/combined_rcm_manual_pdf_oct_2016.pdf for more information.)