

Facilities and Administrative (F&A) Costs Policy

10/05/2023

Facilities: depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses.

Administration: general administration and expenses, departmental and college administration, sponsored projects administration, and all other types of expenditures not listed specifically under Facilities. Administrative costs are capped at 26%.

Facilities and Administrative (F&A) costs: those joint costs associated with supplying and maintaining the infrastructure to support the collective research enterprise.

F&A Rate Policy Statement – The College of Arts and Sciences generally requires the use of the federally negotiated rates for all sponsored projects that allow full indirect costs. There are, however, circumstances where a lower F&A rate may occasionally be necessary, and in those circumstances, approval can be pursued. The University negotiates the [F&A rate agreement](#) with the Department of Health and Human Services (DHHS). The formula is based on actual research expenditures incurred by the university. Indirect costs are actual costs associated with conducting research, and their recovery is critical to the financial health of the college and its ability to support and grow the research enterprise.

Each sponsored project accepted with less than the standard indirect cost rate negatively affects the long-term financial health of the departments, college, and university.

Only the Authorized Official can Negotiate Rates – While the college encourages investigators to discuss the scope of work with a potential sponsor, investigators are not authorized to negotiate F&A costs. Any *prior understanding* between an investigator and a sponsor regarding F&A rate is not binding for the university or college. The investigator is not authorized to approve any F&A rate on behalf of the college.

Industry sponsors will be subject to the 68.2% negotiated F&A rate. If a lower rate is necessary, approval should be sought via the [Reduced F&A Request Form](#) process. Industry awards that stem from federal funds such as STTR/SBIR awards will still use the negotiated indirect cost rate for federal sponsors.

Indirect Rate Approval Matrix

Situation	Approval Required	Waiver Likely
Solicitation/sponsor's published guidelines or program terms specify an F&A rate less than the current federally negotiated rate	Reduced rate permitted without prior approval. Indicate the reduced rate on the ePA005 and include a comment explaining why.	
Federal, state, or local statutes or regulations		
Changes in our federally negotiated rate that result in an increased rate after a project begins		
New investigators transferring grants to the university from other institutions, at the prior institution's rate for a limited transition period		
Industry sponsored/funded clinical trials	26% Total Direct Cost (TDC) rate	
Conference Proposals	YES	YES
Proposals being submitted by students	YES	YES
Submission would yield strategic partnerships	YES	YES
Submission would be for seed funding	YES	YES
<u>Request relates to the need to spend less on indirect costs and more on direct costs in the proposal or any variation of this scenario</u>	YES	NO
To increase the competitiveness/attractiveness of the application	YES	NO
When the rate used would not supply equitable treatment to all University researchers applying to the same sponsor	YES	NO
The intellectual property rights of an award do not remain with the University	YES	NO
Precedent	YES	NO

How to Request a Reduced F&A Cost Rate – The College of Arts and Sciences will generally approve waiver requests only in exceptional circumstances and will not approve requests that do not follow the procedure below. If an investigator wishes to request a waiver of the standard indirect cost rate, explicit approval from the ASC Associate Dean for Research and Creative Inquiry or designee is required via the [Reduced F&A Request Form](#).

- To request a reduced F&A rate, complete the [Reduced F&A Request Form](#) explaining the circumstances. A copy of the proposed budget must be uploaded along with this form. It will route for review to the Director of Research Services, Jared Port (port.4@osu.edu) and the Associate Dean for Research and Creative Inquiry, Dr. Christopher Jaroniec (jaroniec.1@osu.edu). The College must receive the request at least **30 days** prior to the proposal submission deadline.
- The College will review the request, coordinating with other colleges as needed. The investigator will receive a decision via email.
- Upload a copy of that approval to the ePA005 – OSU Authorization to Seek Off-Campus Funding form – and indicate the approved reduced F&A rate on that form.

