531-004-C: FACILITIES AND ADMINISTRATIVE COSTS POLICY

I. Purpose

The purpose of this policy is to provide direction for recovery of all program costs of grants by requiring that facilities and administrative (“F&A”) costs are included in the proposed budgets.

II. Policy

Full F&A (formally known as indirect costs or overhead) cost recovery is to be included in all sponsored program proposals. The F&A cost rates are set through negotiations with the federal government to recover actual expenses incurred by the campus pursuant to OMB Circular A-21, Cost Principles for Educational Institutions.

Exceptions to the policy are made for proposals to the State of California, local governments and proposals where the funding agency guidelines state that no F&A costs or less than full F&A costs will be paid.

Non-federal organizations whose guidelines will not permit F&A costs will be reviewed to determine if some of the F&A items might be included as direct costs.

Exceptions to this policy shall be initiated by the Project Director and approved by the College/Responsible Department, Sponsored Programs Office and the Provost/Vice President for Academic Affairs.

III. Adoption and Review

A. The University Corporation’s Board of Directors has adopted this Facilities and Administrative Costs Policy, dated June 2004. The University Corporation’s Board of Directors has adopted this Facilities and Administrative Costs Policy, dated June 2010.

B. This policy shall be evaluated ten years from the adoption date to determine its effectiveness and appropriateness. The policy may be evaluated before that time as necessary to reflect substantial organizational, financial, or physical change(s) at the University Corporation or any change required by law or by other governing policy.

Any proposed amendments or variations of this policy would require a majority approval by the Corporation Board of Directors.

IV. Related Documents

OMB Circular A-21, Cost Principles for Educational Institutions