Policy:

The Associate Vice Chancellor for Research Administration is responsible for ensuring that appropriate Facilities and Administrative (F&A) Costs, or Indirect Costs, have been included in every proposal.

Purpose:

Facility and Administrative overhead revenue plays a vital role in the administration and conduct of research and sponsored programs. It is awarded as a means of offsetting a portion of the expenses inherent in the operation of an organization and the performance of its programs. These expenses include such items as plant operations, maintenance, accounting, administration, core facilities and services (safety operations, library, etc.) and general and departmental administration. Therefore, it is important that these costs be included on all grants and contracts unless specifically prohibited by the funding source as a condition of the award. Most federal and nonfederal funding agencies allow a stipulated rate for calculating these costs.

Departmental administration is defined in the 2 CFR 200 as expenses that have been incurred for the general executive and administrative offices of educational institutions and other expenses of a general character which do not relate solely to any major function of the institution. Examples of general administration and general expenses are: central offices of the institution such as the President's or Chancellor's office, the offices for institution-wide financial management, business services, budget and planning, personnel management, and safety and risk management; the office of the General Counsel; and the operations of the central administrative management information systems.

Procedures:

All sponsored projects are subject to the University's Negotiated Rate Agreement unless there are instructions that specify differently.

Federal rates are negotiated and information concerning the rates, base, and the date of agreement is available on the KUMC Research Institute website: http://www.kumc.edu/Documents/ri/spa/DHHS%20FA%20150915.pdf

<table>
<thead>
<tr>
<th>Rate (%)</th>
<th>Locations</th>
<th>Applicable to:</th>
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</thead>
<tbody>
<tr>
<td>53.0</td>
<td>On Campus</td>
<td>Organized Research</td>
</tr>
<tr>
<td>26.0</td>
<td>Off Campus</td>
<td>Organized Research</td>
</tr>
<tr>
<td>33.0</td>
<td>On Campus</td>
<td>Other Sponsored Activities; Most Clinical Trials are categorized here</td>
</tr>
<tr>
<td>26.0</td>
<td>Off Campus</td>
<td>Other Sponsored Activities</td>
</tr>
<tr>
<td>39.0</td>
<td>On Campus</td>
<td>Instruction</td>
</tr>
<tr>
<td>26.0</td>
<td>Off Campus</td>
<td>Instruction</td>
</tr>
</tbody>
</table>

The off-campus rate is defined as all activities performed in facilities not owned by the institution and to which rent/lease is directly allocated to the projects.

The Principal Investigator must include F&A (indirect) costs as a line item in a proposed budget. Assistance can be obtained from the KUMC Research Institute Division of Sponsored Programs Administration.

Until the agreement is amended, these rates should be used in proposals that seek funding beyond June 30, 2019.
Responsible Parties:

Vice Chancellor for Research, Associate Vice Chancellor for Research Administration, and all KUMC Principal Investigators.

Exemptions:

Unless the funding source specifically excludes such expenses for the grant program, the Principal Investigator (P.I.) must include such expenses as a line item in the proposed budget. In some cases, funding agencies will allow a direct cost for administrative overhead rather than indirect costs. If this is the case, the P.I. must include this cost.

If a sponsor has a "written and universal" policy of paying a specific F&A rate for all similar agreements regardless of which institution or site is the recipient of the funds, the KUMCRI will accept that rate. A "written and universal" policy means the sponsor has as a matter of organizational policy or procedure, a single F&A rate that applies at all times for all similar awards, situations, or conditions. In practice, this means that the sponsor does not pay a more generous F&A rate to other institutions or sites for the same or similar awards or agreements.

To accept an F&A rate different from the federally negotiated rate, the PI or sponsor will need to supply a copy of the sponsor's policy to the KUMCRI at the time of proposal review or agreement negotiation. This policy, if not published in a Request for Proposal or sponsor guidelines, must be on the sponsor's letterhead and signed by the sponsor's authorized official.

In cases where KUMCRI's agreement to accept a lower F&A cost rate is based on our understanding of the sponsor's policy, and where KUCRI becomes aware of a higher indirect cost rate paid by that sponsor to another recipient, the KUMCRI reserves the right to apply the higher rate to that sponsor's KUMCRI projects.

Case-by-Case Exemptions on non-Federal Awards:

The Associate Vice Chancellor for Research Administration will consider other requests for indirect cost waivers or reductions only in very limited circumstances. Special requests are initiated by the PI and must be approved by the PI's department chair before being sent for approval to the Associate Vice Chancellor for Research Administration. The decision whether to grant or deny an exception request is at the sole discretion of the Associate Vice Chancellor for Research Administration. In determining the institutional costs and benefits of such requests, the Associate Vice Chancellor for Research Administration may take any or all of the following into consideration:

- the equity of granting the waiver when the projects of other faculty carry full overhead;
- the total cost to KUMC;
- the likelihood that an award would be seriously jeopardized without a waiver, and the potential effect of the loss on the faculty member's overall research program;
- the benefit of the waiver to new or junior faculty members or in support of research efforts in new directions which otherwise might not be sufficiently developed to attract typical peer-reviewed awards;
- the effect of a waiver to increase direct costs available for student support.

A waiver is defined as removing the requirement for indirect costs. It is not an approval to use the indirect cost as direct. Under no circumstances will the Associate Vice Chancellor for Research Administration or the Vice Chancellor for Research approve utilizing dedicated indirect costs for direct costs.

If an exemption is granted for a specific project, the exemption is applicable to that project alone and is not to be taken as a precedent for future submissions, similar or otherwise. No exemptions will be considered for federal grants.

Related Policies and Links:

KUMC Research Institute Division of Sponsored Programs Administration, F&A Rate Agreement
KUMC Research Institute Policy 1.1.01: Principal Investigator Eligibility

Contacts:

Vice Chancellor for Research: 913-588-1698
Associate Vice Chancellor for Research Administration: 913-588-5436
Director of Sponsored Programs Administration: 913-588-1261
History:
Original Issue Date: 3/1/95
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RAC approved 10/31/07
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