Facilities & Administrative (F&A) Costs on Sponsored Awards: Recovery and Distribution

REASON FOR POLICY

In order to perform research and scholarship activities, Tufts University incurs a variety of infrastructure, operational, and compliance costs. Facilities and Administrative (F&A) rates are established as a mechanism of reimbursement by the sponsors of a portion of these costs specifically related to extramurally funded programs. F&A rates are negotiated with the federal government using audited University financial data according to the rules defined by the Office of Management and Budget.

This policy provides clarity regarding budgeting and distribution of the F&A costs recovered in connection with extramural awards to Tufts, helping to inform decisions regarding institutional investments into projects and infrastructure that support extramurally funded programs and scholarship pursued at the University.

POLICY PRINCIPLES

Nature of the Facilities & Administrative (F&A) Costs

F&A costs are incurred by all sponsored projects or programs regardless of the source of funding and regardless of whether F&A costs are included in sponsored program budgets. F&A costs include the physical space, construction, and maintenance of Tufts University owned facilities where sponsored program and scholarship is conducted, and the resources necessary to carry on sponsored program and scholarship. F&A costs cover utilities, internet, data storage, libraries, maintenance of research animal facilities, hazardous waste disposal, insurance, security, human resources, accounting, and other compliance and oversight activities. Administrative or compliance costs cover financial management, including accountability for time and effort charged to awarded or funded projects or programs, management of award budgets, financial reporting, and purchasing; human protection programs and institutional review boards for human subjects research; institutional animal care and use programs for animal research; radiation and chemical safety and biosecurity; implementing and tracking federally required training and education; managing potential conflicts of interest; adhering to export controls; ensuring timely and accurate reporting of research progress; and financial closeout; as well as all other requirements for carrying out research and scholarship programs.

Negotiated F&A rates provide a mechanism by which a portion of the F&A costs can be allocated to each sponsored project. Attempts to establish these costs for each individual award would be prohibitively time-consuming for the University and would increase costs.
Facilities and Administrative (F&A) Cost Recovery

Tufts University requires the use of applicable Tufts rates for budgeting of the F&A costs on all proposals for sponsored funding. An internal approval process is in place at the schools and centers for proposals where the sponsor limits F&A recovery. If the sponsor or the funding announcement requires the use of the F&A rate that is less than the applicable Tufts rate, an effort should be made to recover the cost of the proposed activity via direct charging of all allocable ancillary costs of the project, to the extent permitted by the sponsor. Internal guidelines of the schools and centers where the sponsored activity will reside must be followed for calculating such ancillary costs.

Facilities and Administrative (F&A) Cost Distribution

F&A allocations for each sponsored project are configured by the Office of the Vice Provost for Research (OVPR) Post-Award department at the time of award account set up. These allocations are based on the F&A rate budgeted and internally approved at the time of proposal submission and awarded by the funding agency via a Notice of Award. F&A charges are posted to sponsored accounts monthly based on the direct expenses incurred on each account.

Recovered F&A amounts are distributed to the schools and centers as follows:

- F&A funds are distributed to the schools monthly when the allocations are posted to sponsored awards. Distribution of recovered F&A funds within the school and to the school-based centers is determined by the Dean of each school.
- Jean Mayer Human Nutrition Center on Aging (HNRCA) receives F&A funds monthly when the allocations are posted to sponsored awards. Distribution of recovered F&A funds within the HNRCA is determined by the Center Director.
- Multi-disciplinary centers formed outside of the schools receive any amounts due to them from the F&A recovery annually at fiscal year-end and at the award closeout if it occurs mid-year. The portion of the F&A amount retained by the center for the advancement of its goals and objectives is predetermined by the agreement that governs each center’s operations. Such agreements are developed per Tufts Guidelines for Proposing New Centers and are documented with the Provost and the Vice President for Finance, as appropriate.

The University charges off-campus F&A rate on sponsored activities that take place in facilities not owned by the University and where rent is directly allocated to the projects and paid by the extramural sponsor.

Collaborative Sponsored Projects policy guides the allocation of the F&A recovery on collaborative awards consisting of multiple projects with discrete budgets residing in separate units at Tufts, with their respective Facilities and Administration (F&A) rates.

DEFINITIONS

Facilities and Administration (F&A) or Indirect Costs: Those costs that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

F&A rate: A mechanism for determining fairly, consistently, and conveniently, within the boundaries of sound administrative principles, what proportion of indirect costs each project should bear.

Negotiated Indirect Rate Cost Agreement (NICRA): The approved agreement between the cognizant agency and the institution that describes the types of rates, effective period, and distribution base.
RELATED LINKS AND INFORMATION

2 CFR Part 200— Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards section 200.56 Indirect (facilities & administrative (F&A)) costs

Application of Off-Campus and On-Campus F&A Rates

Collaborative Sponsored Projects policy

Overview of F&A Rate Calculation & components of the rate

Tufts University Institutional Information/ Rate Agreement