Alfred University
Sponsored Projects Facilities and Administrative (F&A) Cost Charging Policy

Context

The cost of a sponsored project is comprised of both direct costs incident to its performance plus a portion of the Facility and Administrative (F&A) costs of the University. F&A costs (also known as overhead or indirect costs) are those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, instructional activity, or any other institutional activity. Typical examples of F&A costs include but are not limited to: utilities, building maintenance, department and University clerical and administrative staff, libraries, and depreciation.

To simplify the process of F&A cost recovery, every few years Alfred University performs an analysis of F&A costs associated with the sponsored project activities over the preceding few years. This amount is expressed as a percentage of the costs directly allocable to the same activities. The University and the U.S. Department of Health and Human Services (AU’s cognizant federal agency) conduct a negotiation process that culminates in the approval of a set of F&A costs rates for the next several years (generally 3 to 4 years).

F&A costs at AU are computed based on a percentage of “salaries and wages”. The rate that applies to any specific proposal or award depends on the type of project and where the sponsored program activity is conducted (on-campus or off-campus).

On-campus projects are defined as having 50% or more of the effort performed in an on-campus location. The federal government limits F&A rate recovery for off-campus projects to the “administrative” component of the F&A rate.

F&A Cost Charging Policy

The appropriate federal F&A rate will be used for each sponsored project proposal and award unless a waiver of the full rate has been approved by Alfred University’s Vice President for Business and Finance.

Federal – The full federally negotiated rate will always be charged when permitted by the federal government. Exceptions are provided for federal programs that publish a lower rate. Training grants, career awards, and certain RFPs are examples of exceptions.

Foreign Governments – Foreign governments will always be charged the full federally negotiated rate on all research and sponsored projects. A lower rate requires a waiver.

State and Local Governments – Alfred University treats all State and Local Government grant awards in the same manner as Federal awards. The full federal rate will be charged unless the agency has an explicit published policy requiring a different rate. A lower rate requires a waiver.

Nonprofit Sponsors – Many nonprofit sponsors, such as foundations, limit the percentage of F&A that they will pay. In these cases, it is Alfred University’s policy to charge the maximum amount allowed by the sponsor. If the rates are published, the published rate will be charged. If the rate is not published,
OSP will directly negotiate with the sponsor to determine a mutually agreeable rate. An F&A cost waiver is required if the negotiated federal rate is not applied.

**Industry and Commercial Sponsors** – The full federally negotiated rate will always be charged on all industry-sponsored projects. A lower rate requires a waiver.

**Exceptions – Charging F&A-type Costs as Direct Costs**

F&A costs at Alfred University are charged to a grant by means of the F&A rate, therefore, charging an F&A cost as a direct cost is unallowable as Alfred University would be charging a sponsor twice for the same expense.

However, there are times when it is allowable to charge costs directly to a sponsored project that are normally considered F&A costs. Justification for these types of charges must be well documented by the person incurring the cost. Examples of circumstances where direct charging of costs normally considered F&A costs are appropriate include:

- Projects that require extensive data collection, accumulation, analysis, and/or cataloging
- Projects that require preparation and production of manuals, large reports, and books to meet the objectives of a specific sponsored project
- Projects designated as off-campus and are charged the off-campus F&A Cost rate; for example, off-campus projects are allowed to have rent and utilities directly charged
- Postage/photocopying charges that are documented as directly benefitting a specific project (e.g. if a survey is being conducted as part of a project, photocopying and mailing expenses are allowable as direct charges)
- Office supplies that are documented as directly benefitting a specific project (as opposed to general administrative office supplies)
- Meetings and conferences whose primary purpose is the dissemination of technical information are allowable direct charges to a sponsored project if it is detailed in the proposal as well as provided for in the awarded budget and directly benefits the project.
- Telecommunications costs associated with a specific project (e.g. if conducting a phone survey is an objective of the project, the costs for a unique phone line may be directly charged to the project)