

SJSU Research Foundation Facilities and Administrative Cost Policy

Office of Sponsored Programs

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1.0 Purpose

The *Facilities and Administrative Cost Policy* sets guidelines for the San José State University Research Foundation in the cost of and payment of administrative and facilities expenses. This policy explores the general expenses and costs that the Research Foundation experiences, and how these costs are to be documented and paid.

The policy aligns with the guidance set by the U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Chapter I, Chapter II, Part 200, Uniform Guidance [UG]) which includes principles for determining costs applicable to grants, contracts, and other agreements between the Federal Government and non-federal entities, including higher education institutions.

Note: The Uniform Guidance defines criteria for determining both direct and Facilities and Administrative (F&A) costs. In addition, the Uniform Guidance establishes a mechanism for higher education institutions to calculate, negotiate, and recover F&A costs from federal and other sponsors.

2.0 Responsibility

San José State University campus administrators, in collaboration with Research Foundation Office of Sponsored Programs directors, managers, and analysts, are responsible for the oversight and implementation of this policy. All investigators engaged in research at San José State University are responsible for adhering to this policy.

3.0 Scope

This policy applies to all San José State University research and sponsored programs.

4.0 Definitions

This table provides definitions for special terms, acronyms, and abbreviations used in *Facilities and Administrative Cost Policy*.

Term, Acronym, or Abbreviation	Description
RSCA	Research, Scholarship, and Creative Activity
RSCA F&A Reinvestment Program	When the Research Foundation Board of Directors determines the F&A costs have met or exceeded actual administrative expenses, these excess funds are reinvested

	to unrestricted discretionary accounts for deans, chairs or principal investigators to be used for RSCA expenses.
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5.0 Policy

5.1 Facilities and Administrative Costs

F&A costs, also referred to as indirect costs or overhead, are those general operating expenses that are not readily identified with a particular project, account, or transaction, but are used to provide and maintain the infrastructure that supports San José State University research and other sponsored activity. F&A costs include general administrative services such as proposal and contract management, financial accounting, payroll, procurement, human resource administration, insurance, legal, and other operating expenses. F&A costs also include the expenses incurred on campus to support sponsored programs such as general administration, departmental administration, and payments for the use of university facilities, utilities, and libraries. As a fully self-supported organization, all operating costs of the Research Foundation must be covered by reimbursement of activity.

Indirect costs are distinguishable from the project direct costs since direct costs are those costs that can be identified specifically with a particular sponsored project with a relatively high degree of accuracy. F&A costs are those costs incurred for a common or joint purpose benefitting more than one cost objective that cannot be readily assigned to a particular sponsored project.

5.2 Facilities and Administrative Cost Reimbursement Rate

F&A cost reimbursement rates are determined by negotiation between the Research Foundation and the Department of Health and Human Services (DHHS). DHHS is the cognizant agent assigned to SJSU with authority to approve rate agreements. F&A cost proposals must be prepared in accordance with the applicable cost principles and guidance provided by OMB. Rates are established periodically (on average every 4 years) as directed by the UG. Rates are also subject to audit by all external sponsors and the California State University Office of the Chancellor.

5.3 Application of Facilities and Administrative Costs

It is the shared policy of the Research Foundation, SJSU, and the CSU Chancellor's office to apply the full F&A cost rate to all sponsored project budgets. Only in very unusual circumstances are reduced F&A rates applied. Such circumstances include cases where a sponsor limits F&A costs as a matter of written and documented policy, such as U.S. Department of Education training grants. Reduced rates may also be considered where there is no mandate from the sponsor to reduce or waive rates. In such cases, there must be reasonable evidence that funding will be jeopardized if full indirect costs are applied.

Note: Reduced F&A rates will not be considered if the external sponsor is a private for-profit business or a foreign organization.

5.4 Exceptions to Full F&A Rates

The Research Foundation has a responsibility to ensure that all rates and fees are assessed consistently and appropriately. When a research project or grant is charged a reduced F&A rate, real costs of SJSU and/or the Research Foundation must be made up

from other sources. Any exception to full F&A rates requires prior written approval of the respective department chair, college dean, associate vice president for the Office of Research, associate vice president for Finance, and the executive director of the Research Foundation.

5.5 Formal Request for Reduced Facilities and Administrative Rates

The majority of San José State University grant awards are made with full F&A costs. As described in section 5.1, F&A costs represent actual incurred expenses for research and other sponsored activity. Any reduction to the F&A rate reduces the amount of F&A generated from sponsored projects. When a rate reduction is needed, a formal request must be submitted in writing by the PI and must include the following information:

- Calculations of both the direct and F&A costs using the full rate and the requested waiver;
- The rationale for the reduced F&A request, and if applicable, the information from the sponsor that indicates that the grant award would be seriously jeopardized without the reduction;
- **If Required**—Proof of collateral to pay for IDC reimbursement shortfall; and the following approvals: the respective dean or chair, the principal investigator, associate vice president for the Office of Research, associate vice president for Finance, and the executive director of the Research Foundation.

Any project that needs a reduction or wishes to be charged at a reduced F&A rate should have the request process initiated by the principal investigator. The principal investigator will submit a formal written request for F&A reduction, which should include the amount of the F&A reduction requested, the rationale for the request, and any other information the investigator believes should be considered.

To allow adequate time for review, requests for an exception to the full F&A rate must be submitted in writing to the Research Foundation at least two weeks prior to the proposal submission due date to allow time to obtain all required administrative approvals (mentioned above).

5.6 Uses for F&A Reinvestment

After covering Research Foundation grant management costs and other mandatory university expenses, remaining collection of F&A reimbursement is put into the Academic Affairs Division RSCA Reinvestment Program as directed by the Research Foundation Board of Directors, Resolution 210.

Funds from the RSCA Reinvestment Program may be used for the following:

- The purchase of research equipment, books, the payment of salaries, any funds used for direct support of specific research projects, and all administrative, secretarial and technician support costs;
- To generate new or renewable grants and contracts for expenses such as proposal development costs, payments to a proposal writer, travel for a faculty member to discuss his or her proposal with a potential sponsoring agency, and computer searches;
- To meet sponsor agency required cost sharing if “in-kind” contributions previously stated cannot be identified at time of award or to cover any fiscal overruns which occur on sponsored projects;

- To contribute to the overall achievement of the Research Foundation's stated mission, which is to support the university's efforts in the area of education, scholarly research and public service.

Any requests for F&A that appear outside of the above purposes may be brought to the attention of the president of the Research Foundation Board of Directors or a designee for approval.

6.0 Related Policy Information

Not applicable.

7.0 Required Forms

This table contains a list of forms and tools required for *Facilities and Administrative Cost Policy*.

Form	Description of Use
Formal written F&A reduction request from the P.I.	A written communication to be submitted by the principal investigator to request reduced F&A expense costs.

8.0 References and Related Information

Research Foundation Board of Directors, Resolution 210

AVP for Research, RSCA F&A Reinvestment Program

9.0 Record Retention

All documents and records are maintained in accordance with SJSU Research Foundation Record Retention requirements.

Record	Retention
Written F&A Reduction Request	3 years
<i>Facilities and Administrative Cost Policy</i>	This document is effective until further revised or updated. Outdated or revised documents will be maintained in accordance with Research Foundation Record Retention requirements. The Research Foundation will maintain the signed original and electronic copies of the approved policy and all updates and replacements.