

SJSU Research Foundation Facilities and Administrative Cost Policy

Office of Sponsored Programs

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1.0 Purpose

The *Facilities and Administrative (F&A) Cost Policy* sets guidelines for the San José State University Research Foundation (SJSURF) in the cost of and payment of administrative and facilities expenses. This policy explores the general expenses and costs that the SJSURF 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 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 (SJSU) campus administrators, in collaboration with SJSURF | Office of Sponsored Programs (OSP) directors, managers, and analysts, are responsible for the oversight and implementation of this policy. All investigators engaged in research at SJSU are responsible for adhering to this policy.

3.0 Scope

This policy applies to all SJSU 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
Instruction	Instruction means the institution's teaching and training activities (other than research training) whether offered for credit toward a degree, or certificate, or on a non-credit basis, and whether offered through regular academic departments, or separate divisions, such as a summer school division, or an extension division.
Organized Research	Organized Research means all research and development activities that are separately budgeted and accounted for — including sponsored and university research activities and research training activities.
Other Sponsored Activities	Other Sponsored Activities means programs and projects financed by Federal and non-Federal agencies and organizations that involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects and community service programs, as well as symposiums and conferences that do not meet the definition of Instruction.
RSCA	Research, Scholarship, and Creative Activity.
RSCA F&A Reinvestment Program	When the SJSURF 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.

5.0 Policy

5.1 Facilities and Administrative Costs

F&A costs, also referred to as indirect costs (IDC) 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 SJSU's 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 SJSURF 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 SJSURF 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 SJSURF, SJSU, and the California State University (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

SJSURF 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 SJSURF must be made up from other sources. Any exception to full F&A rates requires prior written approval of the, associate vice president for the Office of Research and the director of the Office of Sponsored Programs of the SJSURF.

5.5 Formal Request for Reduced Facilities and Administrative Rates

The majority of SJSU 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 principal investigator (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: associate vice president for the Office of Research, and director of the Office of Sponsored Programs of SJSURF.

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 PI. The PI 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.

5.6 Uses for F&A Reinvestment

As an university auxiliary providing some of these shared services to the research enterprise, SJSURF is required to use F&A funds to support itself. Additionally, F&A funds are used to support new research space development (e.g., the Interdisciplinary Science Building) and existing space maintenance, SJSU IT infrastructure support, SJSU off-campus research administration expenses, other specific SJSU research program administration, and other overhead costs (e.g., NASA project cost share, as well as SJSURF Board approved reserves to cover SJSURF expenses during federal government shutdown periods).

The remaining F&A funds at the end of each fiscal year are paid to SJSU to continue the development and support of the research enterprise. SJSU administration determines how these funds are distributed internally. [See the SJSURF F&A memo to the SJSU Academic Senate for additional details.](#)

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 PI.	<p>A written communication to be submitted by the principal investigator to request reduced F&A expense costs.</p> <p>To allow adequate time for review, requests for an exception to the full F&A rate must be submitted in writing to SJSURF at least two weeks prior to the proposal submission due date to allow time to obtain all required administrative approvals (mentioned above).</p>

8.0 References and Related Information

- [SJSURF F&A memo](#)
- [Non-Faculty Researchers and Indirect Rates on Sponsored Programs](#)

9.0 Records Retention

All documents and records are maintained in accordance with SJSURF Records Retention Schedule.

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 SJSURF Records Retention Schedule. SJSURF will maintain the signed original and electronic copies of the approved policy and all updates and replacements.