



West Virginia University

Office of Research

Procedure Name:	Facilities and Administrative (F&A) Costs
Issue/Effective Date:	June 6, 2008
Revision/Effective Date:	February 21, 2023

Division: Office of Sponsored Programs

Date: February 21, 2023

Purpose: Grants, contracts and other agreements that designate West Virginia University or West Virginia University Research Corporation as the Grantee Institution/Contractor are the appropriate mechanisms of support for all sponsored institutional activities at the University. Full recovery of both the direct and F&A costs associated with sponsored institutional activities is expected on all grants, contracts, and other agreements that support those activities.

Scope:

These procedures are applicable to all West Virginia University Research Corporation and West Virginia University externally sponsored projects

Facilities and Administrative (F&A) costs are those expenses that are essential to the conduct of sponsored institutional activities, but which cannot be readily attributed and directly charged to specific individual projects. F&A costs, therefore, include such items as:

- Administrative costs to the University (procurement, central accounting, shared services, sponsored programs etc.)
- Operations & Maintenance costs to the University (custodial services, facilities, hazardous material handling, etc.)
- Depreciation of capital assets including equipment, buildings, etc.
- Utilities
- Library services

F&A Cost Rates are determined periodically from actual cost records through a detailed accounting procedure specified by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200). The rates are audited and approved by

the University's cognizant federal agency, the US Department of Health and Human Services. Separate F&A cost rates are calculated for research, instruction and training, and other sponsored activities, with on- and off-campus components for each.

In accordance with federal regulations, the rates are expressed as a percentage of Modified Total Direct Costs (MTDC), where MTDC represents direct costs excluding equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$25,000.

The following guidelines are used for the recovery of F&A costs:

1. If, under the sponsor's published guidelines, the University is required to cost share, or when an academic unit of the University proposes voluntary committed cost sharing and that cost sharing is to come from a contribution of F&A costs, the approval of the Vice President for Research is necessary before submission or acceptance (see procedures below for requesting approvals)
2. If the sponsor is a **not-for-profit** or **governmental** (non-foreign) entity and has published guidelines (or otherwise verifiable written policy, statute, or legislation) prohibiting or limiting the recovery of F&A costs, the University shall accept the lesser rate or amount, if it considers the program desirable for University position (as evidenced by the approval of the proposal by the College/Unit in KC), without requiring additional Research Office approval. The University considers the loss of F&A cost recovery in these cases to be usable for cost sharing when allowed by the agency
3. If a sponsor which is associated with a particular industry and which is financed from voluntary contributions from member companies (e.g., Gas Research Institute, Electrical Power Research Institute, etc.) has issued a Request for Proposal (RFP) or contract prohibiting or limiting the recovery of F&A costs to all applicants, the University will accept the reduced F&A
4. If a sponsor is a for-profit entity and has an established, competitive grants program open to universities, and their published guidelines prohibit or limit the recovery of F&A costs to all applicants, the University will accept the reduced F&A
5. Other than identified above, restrictions on F&A recovery from a for-profit company are not acceptable, except in some rare circumstances which may be reviewed and approved or denied by the Vice President for Research on a case-by-case basis
6. For State of West Virginia projects, the University shall attempt to recover F&A whenever possible. The following parameters should guide budget requests:
 - All University proposed budgets for projects utilizing State appropriated dollars should include a minimum request for F&A of 10% of modified total direct costs
 - The only exception to this is if the sponsoring agency has a specific written guideline limiting F&A to an amount less than 10%
 - Some State of West Virginia agencies specifically permit the University to recover the costs associated with administering a sponsored project. If the costs permitted for administration are greater than the minimum established above, then the higher amount or rate should be applied
 - Any direct administrative personnel costs to be dedicated to the project and managed by the unit should be included as project personnel under the budget category for salaries and wages, including fringe benefits, and the 10% is still budgeted as F&A

- If the State of West Virginia specifically states in its proposal guidelines that it intends to finance a grant or contract with funds derived from a federal source, the University should request full F&A costs at the same level as if the University were contracting directly with the federal agency
- This procedure cannot anticipate all of the variations that may arise with State of West Virginia projects. In those cases, Units should contact OSP for assistance in determining an appropriate F&A rate

Note: An imposition of an overall ceiling on the total amount of award by an agency is not considered adequate justification for a waiver of F&A costs; rather, the scope of the work for the project should match the funding available from the agency. Requests for waivers of full cost recovery that are the result of an agency recommending funding at a level less than proposed does not constitute adequate justification for cost sharing; rather the scope of work should be reduced to match the funds recommended for award.

PROCEDURES:

Proposal solicitations in some instances call for institutional cost sharing as a condition for an award. While the University is firmly committed to assisting faculty in the pursuit of outside funding for research initiatives and program development, the resources available for cost sharing are limited. All cost sharing must be approved in accordance with the approved Cost Share Policy. All cost sharing must be documented in accordance with University and sponsoring agency policy.

Requests for waivers or reductions of F&A costs, or for institutional cost sharing through the use of F&A costs, must be submitted in writing to the Office of Sponsored Programs (OSP). Originating with the PI/PD, such requests shall identify the Principal Investigator, the proposal title, the agency and program to which the proposal is being submitted, the total amount requested, the amount of institutional cost sharing proposed, the amount of cost sharing the academic units involved are providing, and the rationale and justification (such as sponsor's written policy) for utilizing F&A costs for cost sharing or for waiving F&A costs. This request MUST be signed by the PI, Department Chair, and Dean.

RESPONSIBILITIES:

It is the responsibility of the College, Center, Institute, or other Administering Unit to:

- provide copies of the written policy of the agencies when cost sharing is required or restrictions are made on F&A cost recovery, and
- review the academic content and quality of the proposed project and to make the determination of the project's acceptability as a suitable University sponsored project
- PIs do not have the authority to negotiate reduced F&A on behalf of the University. Agreements reached by faculty resulting in reduced F&A are not considered valid. As a result, advance "draft" budgets should not be provided to sponsors that incorporate anything other than the F&A rates contained in the approved Rate Agreement

It is the responsibility of the Office of Sponsored Programs or Delegated Representatives to:

- review all proposals and awards to ensure compliance with this procedure.
- obtain necessary approvals for exceptions.
- conduct negotiations on F&A rates, where applicable

It is the responsibility of the Research Accounting Office to:

- verify that all awards/accounts are established to recover F&A cost in accordance with this policy.

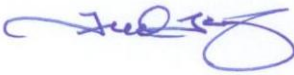
Review of F&A Costs Procedures:

Review: The West Virginia University Office of Sponsored Programs is responsible for the review of this procedure every three (3) years, or whenever circumstances require.

First Adopted Date: 6/6/2008

Previously Revised Dates: _____

Most Recently Reviewed Date: 2/21/2023

VP for Research Approval:  _____
Fred King, Vice President for Research