

## Facilities and Administrative Costs/Indirect Costs Policy

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**Updated: September 2020**

### BACKGROUND

As an authorized auxiliary of Humboldt State University (HSU), one of the responsibilities of the Humboldt State University Sponsored Programs Foundation (HSU SPF), is to manage grants and contracts awarded by various Federal agencies, units of state and local governments, and private foundations and corporations to support research and educational programs conducted by HSU faculty and administration.

HSU SPF can only do this if it can receive enough Facilities and Administrative (F&A) or Indirect Cost revenue to support its operations and maintain a reserve balance to pay for research expenses in advance of funder reimbursement. 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. The Federal government uses F&A, while other funding entities use “overhead” or “administration” or “indirect cost rate” as a synonym for indirect cost.

HSU SPF receives an approved indirect rate from the cognizant Federal agency that is based on an audit of actual expenditures and is recognized by all Federal agencies. Different funding agencies may have indirect cost rates other than the Federally negotiated rates. It is the policy of the HSU SPF that the maximum indirect rate (as defined in writing by the funding agency) should be used on all proposals submitted to the HSU SPF

A copy of HSU SPF’s current Rate Agreement can be found at: <https://forms.humboldt.edu/spf-Federally-negotiated-indirect-cost-rate>. The current approved rate is:

From:	To:	Rate:	Location:	Category
7/1/2015	6/30/2020	45.0%	On-Campus	All Programs
7/1/2015	6/30/2020	22.5%	Off-Campus	All Programs
7/1/2020	6/30/2024	47.50%	On-Campus	All Programs
7/1/2020	6/30/2024	26.0%	Off-Campus	All Programs

### PURPOSE

This policy, in conformance with HSU SPF Board of Director’s *Resolution #11 – RESOLUTION TO ESTABLISH INDIRECT RATE POLICY*, provides direction for recovery of all program costs of grants by requiring that facilities and administrative/indirect costs are included in proposed budgets.

Exceptions to these rates occur when a funding agency has a published policy that limits the indirect cost to a percentage below the HSU SPF Federal maximum. If so, HSU SPF must have written guidelines from the funding agency stating that there is a limit on F&A costs. Please indicate this published policy on the internal proposal routing form and provide written documentation (usually a copy of the funding source’s written policies), and use the maximum published rate allowed by this funder.

Any variation from the rates described above must be approved by the Dean of the College and the Executive Director of HSU SPF supporting the Principal Investigator’s proposal. If the Principal Investigator is intending to use a published rate of less than 15%, then HSU SPF may require that a portion of the indirect be made up by the sponsoring HSU entity (i.e. such as the Department/Unit, College, Division, etc.). Similarly, if a PI is intending to use a rate below the published rate of the funder, then this must be approved by the HSU SPF Director, prior to

development of the budget.

**Please note: Principal Investigators are not authorized to negotiate F&A rates with sponsors.**

The HSU SPF office reserves the right to refuse to submit any proposal that falls below the approved indirect rates.

## **DEFINITIONS**

**On-Campus:** A project is considered to be performed on-campus if the activity, or part of the activity is conducted on HSU property. If the project is not charged directly for the lease/rental costs of non-HSU owned facilities, then the project is usually considered on-campus.

**Off-Campus:** An off-campus project is one that is conducted:

(1a) in leased facilities where space related costs (e.g. rent, utilities, and maintenance) are charged directly to the program, or;

(1b) in facilities made available (in writing) at no cost to the program by a non-University organization (this does not include work from home / home-offices), or;

(1c) not in any facilities (applicable to projects in which all work - up through analysis - is done in the field, and without the use of university or university affiliate owned facilities such as buildings, trailers, or vessels).

And:

(2a) away from the University over an uninterrupted period of time in excess of 90 days, if the project period exceeds 90 days, or;

(2b) away from the University for the entire project period of up to 90 days.

Grants or contracts will not be subject to more than one F&A cost rate. Determinations made on the above criteria will apply to the entire project.

**Note:** The majority of HSU SPF grants and contracts are considered on-campus. An off-campus rate will be applied on an exceptional basis if **all** of the conditions for an off-campus rate are met.

**Organized Research:** All research and development activities at HSU that are separately budgeted and accounted for, including both Sponsored Research and University Research.

**Sponsored Research:** All research and development activities at HSU that are externally sponsored by Federal and non-Federal entities. This term also includes activities involving the training of individuals in research techniques (research training). Examples include:

- Awards to faculty to support their research activities, including “Career Development” awards
- Funding to maintain facilities or equipment, and/or support a facility, used for research
- Support for publishing research results

**University Research:** All research and development activities that are separately budgeted and accounted for by HSU under an application of institutional funds. Examples include:

- Cost sharing
- Institutional funds distributed through a competitive process, where the proposed activity is characterized by the same factors that identify a sponsored project

**Instruction:** Externally sponsored teaching and training activities at HSU, including agreements which support curriculum development. Examples of such projects include:

- Instructing any type of student at any location (HSU students/staff, teachers or students in elementary or secondary schools, the general public, etc.)

- Curriculum development projects, including those evaluating curriculum or teaching methods. Evaluation may be considered "research" if the majority of activity involves data collection, evaluation and reporting.
- Engaging HSU students in community service activities for which they receive academic credit
- Support to write textbooks, reference books, video, or software to be used as instructional materials

**Other Sponsored Activities:** Academic projects funded by sponsors in which activities involve the performance of work other than instruction or sponsored research. Examples include:

- Travel grants (other than travel to support research activities)
- Support for conferences, symposia, or public events
- Support for student participation in community service that does not earn academic credit
- Support for projects related to library collections, cataloguing, acquisitions, bibliographies
- Programs to enhance institutional resources (computer system upgrades)

## **ROLES AND RESPONSIBILITIES**

### **HSU SPF Board of Directors:**

The HSU SPF Board of Directors must approve any exceptions to this policy.

### **Principal Investigator:**

If a PI is intending to use a rate below the funder's published rate, they must obtain advance approval from the HSU SPF director.

If the funder uses a published rate that is below HSU SPF's Federal maximum, then they must provide written documentation and use the maximum published rate allowed by that funder.

If the Principal Investigator is intending to use a published rate of less than 15%, then HSU SPF may require that a portion of the indirect be made up by the sponsoring HSU entity (i.e. such as the Department/Unit, College, Division, etc.). Any such agreement will be made between the Director of Sponsored Programs and the head of the sponsoring entity.

## **RELATED DOCUMENTS**

HSU SPF Pre-Award, Post-Award and Compliance Desk Procedures on Facilities and Administrative Costs/Indirect Costs

HSU SPF BOD Manual: RESOLUTION 11 Resolution to Establish Indirect Rate Policy

HSU SPF BOD Manual: RESOLUTION 12 Resolution to Establish Indirect Revenue Distribution Policy