



Section 300: Proposal Development and Submission

OSR Policy 300.9 — Facilities and Administrative (F&A) Costs

Responsible Officer: Director
Responsible Unit: Proposal Management
Effective date: July 1, 2008
Last revised on: October 3, 2009

Policy Statement

All grants, contracts and other sponsored agreements accepted by the University will be charged the maximum allowable federally-negotiated Facilities and Administrative (“F&A”) cost rates or other published University F&A rate as determined by the type and location of the sponsored activity.

The University will fully recover its full allowable and appropriate direct costs and Facilities and Administrative (“F&A”) costs in the budget of every proposal that is submitted for sponsored funding irrespective of the sponsoring agency.

In accordance with [OMB Circular A-21 Section G7](#), the negotiated F&A rate in effect at the time of an initial award will be used throughout the life of each competitive segment even if the F&A rate subsequently changes.

Reason for Policy

Facilities and Administrative Costs (F&A) are real university costs that are associated with the performance of a sponsored project. They are incurred for common or joint objectives which cannot always be specifically identified with a particular sponsored project. F&A costs are recovered by application of a rate that is applied to a direct cost base.

Exclusions/Exceptions

Non-profit and Governmental Sponsors. The University will grant an exception to the policy of charging full F&A costs for non-profit sponsors and governmental agencies that have explicit, published policies limiting F&A recovery. The OSR F&A Waiver Form will not be required, but a copy of the published restriction to the eIPF must be attached to the proposal in RAMSeS. The reduced F&A rate will be applied to total direct costs unless the sponsor’s published guidance states otherwise.

For-profit Sponsors are charged the full F&A rate appropriate for the project activity. A subsidy of any cost of the project would constitute a use of public funds for private benefit and would be an improper use of university resources.

Other exclusions/exceptions to the full recovery of F&A costs will be made on a very limited basis.

Procedures and Related Policies

Procedure for Requesting an F&A Exception. When an F&A exception is requested for a proposal for which the sponsor does not have a published restriction, the submitting department should adequately explain and justify the request using the OSR F&A waiver form at http://research.unc.edu/osr/F&A_Exception_Form_1.xls. The request must be attached to the RAMSeS eIPF. The request must be signed by the PI, the Department Chair and the Dean/Director of the School, Center or Institute. The Director of the Office of Sponsored Research will consider the justification and approve/disapprove the waiver request.

If the Director OSR does not approve the exception, prior to proposal submission to the sponsor, the initiating department may provide the OSR with an account to fund the unrecovered F&A [the difference between the full F&A rate and the exception rate]. After award and before OSR sets up a sponsored project account, the OSR will transfer the amount of unrecovered F&A from the specified account. The funds will credit the F&A Recovery Account and be distributed in accordance with the F&A distribution policy at http://research.unc.edu/osr/documents/f_a_implementation.pdf.

Related Policy. A general overview of the University's budget preparation policy can be found at:

- [OSR Pol 300.5](#) [Proposal Budget Requirements](#)

OSR Research Tool Kits

[Proposal Development and Submission: Developing a Budget](#)

Contacts

Questions and concerns can be submitted online at [Ask OSR](#) or by using the [OSR staff directory](#). Within [RAMSeS](#), the “*Speak to Someone*” option assists in locating the staff member best suited to address project-specific issues.

References



[Research Administration Glossary at Carolina](#)

1. OMB Circular A-21, Appendix A, Part 99005: *Cost Accounting Standards for Educational Institutions*.
2. Federal F&A Rate Agreement, Department of Health and Human Services, November 6, 2007.
3. Office of Sponsored Research (OSR) current F&A Rates.

4. Memorandum from the Vice Chancellor for Research and Economic Development regarding Multiple Principal Investigators and Sharing of F&A Cost Reimbursements in Collaborations, April 10, 2007.

Revision History

Prior Revisions: **10/3/2009** revision supersedes policy revised 6/29/09 to reflect A-21 F&A rate requirement.

OSR Policy 300.9 (dated 6/29/09) supersedes OSR Policy 300.9, OSR Policy 300.9 – Pro.1 and OSR Policy 300.9 – Pro.2 (dated 6/1/2009).

The policies in the *Office of Sponsored Research Policies & Procedures Manual* supersede any OSR policies, procedures and appendices previously included in the *University Business Manual*, a publication of UNC Chapel Hill's [Division of Finance](#).
