

Facilities and Administrative costs (Indirect or F&A) are the actual costs of university operations that are not readily assignable to a particular project. These costs are determined per Uniform Guidance §200.412-15. F&A cost rates are negotiated with the Department of Health and Human Services Cost Allocation Services (DHHS-CAS) through the [Office of Sponsored Programs](#) (OSP) Cost Analysis and Compliance unit.

F&A funding is an essential part of operating and sustaining any large research university. Indirect costs are distributed throughout the University to cover expenses associated with the extensive and complex infrastructure and administrative systems that support sophisticated research programs.

OSP expenses indirect costs during the life of a research project. UNC’s Budget, Planning, and Analysis department then manage the distribution of F&A funds at the University.

Expenses used to determine Facilities & Administrative rates may include:

- **Lab infrastructure** (like fume hoods, microscopes, and lab benches)
- **Research computing** (data networks, research computing clusters, data storage)
- **Building maintenance** (cleaning and repairs)
- **Library infrastructure** (access to journals & materials)
- **Service and maintenance contracts** (for scientific and lab equipment)
- **Grant Compliance and Reporting Officers**
- **Research building renovations** (operations and upgrades)
- **Hazardous waste disposal**

Common expenses using Facilities & Administrative funds include:

- **General Office Supplies**
- **Network/telecommunication charges** (internet, phone, email, software)
- **IRB and IACUC review fees**
- **Dues and memberships**
- **Salaries/wages and related benefits of Staff** (departmental support personnel, administrators, grant, clerical and fiscal staff)

For additional breakdowns of F&A expenses, see [Background on Facilities and Administrative Costs at UNC-Chapel Hill](#).

Indirect Cost Rates

COGNIZANT FEDERAL AGENCY FOR NEGOTIATED RATES:

Department of Health and Human Services (DHHS) – Division of Cost Allocation – Attn: Darryl Mayes, (202) 401-2808

Negotiated Rates - Effective 07/01/2017 and remain provisional until new rates approved	On-Campus	Off-Campus < 10-mile	Off-Campus ≥ 10-mile
ORGANIZED RESEARCH <ul style="list-style-type: none"> • Clinical trials conducted in hospital owned facilities within a 10 mile radius apply the 28% Off-Campus rate • Clinical trials conducted in University owned facilities apply the full 55.5% On-Campus rate 	55.50%	28.00%	26.00%
INSTRUCTION	50.00%	28.00%	26.00%
OTHER SPONSORED ACTIVITIES	36.00%	28.00%	26.00%

See our full [Facilities and Administrative Rate Agreement](#) for more information.

Selecting the Correct Activity

Organized Research

Organized research includes all research activities conducted by the University including sponsored research, and research training programs. For example:

- Sponsored projects to support faculty research activities
- Faculty Career Development Awards to support faculty research activities
- Funding for facility, operational or equipment maintenance for a center or facility when used for research
- Sponsored projects issued to the University to support the student research activities and associated research training (research training grants)
- Clinical Trials
 - Clinical trials conducted in hospital owned facilities within a 10 mile radius apply the 28% Off-Campus rate
 - Clinical trials conducted in University owned facilities apply the full 55.5% On-Campus rate

Instruction

Instructional and training activities that are externally funded. This includes curriculum development (including textbook development) and other training (excluding research-based training) for degree, non-degree programs, and other academic programs.

Other Sponsored Activities

Activities funded by external sources that are not included in Organized Research or Instruction Activities. Some examples are:

- Seminar, conference, symposium, workshop or travel grants
- Funding for travel
- Community and Health services projects
- Website development
- Performance Arts (concert or plays)

On-Campus vs. Off-Campus

Off-Campus - Adjacent

Activities conducted within a ten-mile radius of campus, but the facilities being used are not owned by the University or to which rent is directly allocated to the project. Activities occurring within the general vicinity of campus may be subject to these rates. You can discuss the ownership of the facilities with your departmental administrators and consult your OSP Sponsored Projects Specialist to identify applicability.

Off-Campus - Remote (≤ 10 miles from campus)

Activities conducted outside a ten-mile radius of campus and the University does not own the facilities being used, or to which rent is directly allocated to the project. This can include office space located outside the ten-mile radius or fieldwork conducted in foreign countries.

UNC beyond Chapel Hill, NC (> 10 miles from campus)

The University does operate facilities outside of the Chapel Hill campus, within the US and abroad, such as the North Carolina Research Campus in Kannapolis, NC and UNC Institute of Marine Sciences in Morehead City, NC. Consult your OSP Sponsored Projects Specialist to identify if activities are being conducted at a University owned/operated, off-campus facility.

Indirect Cost Base Type

Base types refer to the budget categories that are either included or excluded from F&A cost calculations. Each sponsor may have different bases for different award types and the agreement and/or sponsor website should be carefully read to determine what budget categories will be calculated with F&A.

Modified Total Direct Costs (MTDC)

Many sponsored projects use an MTDC base. It is calculated by excluding certain categories from the direct costs of a project when determining the indirect costs. Categories that are frequently **included** in F&A calculations are salaries and wages, applicable fringe benefits, materials and supplies, services, and travel. MTDC **excludes** categories such as equipment, capital expenditures, charges for patient care, long-term rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$25,000 ([2 CFR §200.68](#)). MTDC is typically applied to Federal Clinical trials at the 55.5% rate.

Total Direct Costs (TDC)

There are no categories of direct costs excluded for projects using TDC. Unlike MTDC, all direct costs are included in the F&A base, resulting in associated indirect costs charged to the project. Projects that receive less than the University's negotiated rates are charged indirect costs based on TDC. This includes some sponsors with reduced or no indirect costs as well as projects that receive internal approval for reduced or waived indirect costs. TDC is typically applied to non-Federal Clinical trials at the 28% rate.

Sponsor Defined

The indirect cost base is defined based on sponsor specific requirements. Examples include salaries and wages, or only supply and travel costs. All other types of costs would be excluded from the indirect cost calculation.

Total Project Costs (TC)

The total project costs base is used when the sponsor states that indirect rates may only be taken on a percentage of total project costs. To calculate:

- $\text{Direct Costs} / (1 - \text{Allowed Indirect/F\&A Rate}) = \text{Total Funds}$
- $\text{Total Funds} - \text{Direct Costs} = \text{Indirect/F\&A Costs}$

Indirect Cost Rate Waiver (F&A Waiver)

OSP can consider requests to reduce or waive indirect costs in exceptional circumstances. Departments can request a reduced or waived indirect cost rate if it can be demonstrated that the project is unable to complete the scope of work if the University receives its full indirect costs.

Departments should adequately explain and justify the request using the OSP [F&A waiver forms](#). The request must be signed by the PI, Department Chair, School Dean or Center Director, and be attached to the IPF in RAMSeS. The Executive Director of OSP will consider the justification to approve or disapprove the waiver request.