

Facilities and Administrative costs (Indirect or F&A) are the actual costs of university operations which 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 Research \(OSR\)](#) 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.

OSR 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

Administrative Expense Examples:

- Central Offices, such as Finance, Payroll, HR, and Purchasing
- Salaries/wages and related benefits of departmental support personnel, administrators, grant, clerical and fiscal staff
- Dues and memberships
- IRB and IACUC review fees
- General office supplies

Facility Expense Examples:

- Depreciation and debt services on labs and research buildings
- Environmental Health and Safety fees for hazardous waste disposal and radiation safety tests
- Library expenses
- Network charges for internet, e-mail, telephone, and other general-purpose software
- Research building operations (utilities, housekeeping, and repairs)

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

Indirect Cost Rates

Negotiated Rates - Effective 7/1/2017	On-Campus	Off-Campus ¹	Off-Campus ²
ORGANIZED RESEARCH	55.50%	28.00%	26.00%
INSTRUCTION	50.00%	28.00%	26.00%
OTHER SPONSORED ACTIVITIES	36.00%	28.00%	26.00%
CLINICAL TRIALS (Federal) ³	55.50%	28.00%	26.00%
CLINICAL TRIALS (Non-Federal) ⁴	28.00%	28.00%	26.00%

¹ Off-Campus within a 10-mile radius from campus.

² Off-Campus outside a 10-mile radius from campus.

³ F&A calculations for Federally Funded Clinical Trials are based on Modified Total Direct Costs (MTDC).

⁴ F&A calculations for Non-Federally Funded Clinical Trials are based on Total Direct Costs.

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)

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)

Clinical Trials – Federal:

Research studies funded by a Federal entity in which one or more human subjects are prospectively assigned to one or more interventions (which may include a placebo or other control) to evaluate the effects of those interventions on health-related biomedical or behavioral outcomes. Federally-funded clinical trials use the Modified Total Direct Costs F&A base type.

Clinical Trials – Non-Federal:

Research studies funded by non-Federal entities in which one or more human subjects are prospectively assigned to one or more interventions (which may include a placebo or other control) to evaluate the effects of those interventions on health-related biomedical or behavioral outcomes. Non-Federal clinical trials use the Total Direct Costs F&A base type.

The University will grant an exception to charging full F&A costs for non-profit and governmental sponsors that have explicit, published policies limiting F&A recovery.

See [OSR Operating Standard 300.9](#).

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 OSR Sponsored Projects Specialist to identify applicability.

Off-Campus – Remote:

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:

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 OSR 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](#)).

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.

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:

- $\text{Direct Costs} / 1.55(\text{F\&A Rate}) = \text{Total Funds}$
- $\text{Total Funds} - \text{Direct Costs} = \text{Indirect Costs}$

Indirect Cost Rate Waiver (F&A Waiver)

OSR 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 OSR [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 OSR will consider the justification to approve or disapprove the waiver request.