



NORTHERN ILLINOIS UNIVERSITY

Office of Sponsored Programs Administration

Division of Research & Innovation Partnerships

Policy: Facilities & Administrative Cost Recovery Policy

Effective Date: 12/01/11

Revision Date: 01/21/15

Revision No. 1

Approval: Vice President for Research and Innovation Partnerships

Purpose

These are the established NIU policies and procedures regarding the recovery of facilities and administrative (F&A) costs, including exceptions to the general policy and procedures for requesting a waiver to the general policy.

Reason for this Policy

Costs on sponsored projects (grants or contracts) can be divided into two overarching categories: (1) direct costs and (2) facilities and administrative (F&A) costs.

Direct costs can be readily and specifically attributed to the scope of work associated with a particular project or program. As such, direct costs may include: salaries and benefits associated with the personnel who dedicate time and effort to conducting the work; supplies and equipment required to perform the work, and professional travel associated with completion or communication of the work. F&A costs - sometimes referred to as overhead or indirect costs - cannot easily be associated with a given project or program; nonetheless, these are real expenses incurred by the university in support of sponsored research and artistry.

F&A costs result from the university's need to maintain a shared infrastructure that supports the research, scholarship and artistry of all investigators and project directors. Examples of F&A costs include facilities costs (e.g. building depreciation, operation and maintenance, utilities, telecommunications and IT infrastructure, libraries, and specialized facilities and services) and administrative costs (e.g. personnel and infrastructure associated with sponsored project administration (SPA, TTO, compliance) and with other administrative functions of the university (general accounting, purchasing/procurement, legal services, human resources, administration of academic units).

The University's F&A rate is set every four years in negotiation with the Department of Health and Human Services. This rate is based on a review of institutional space, equipment, and human resources as they relate to sponsored activities on campus.

Federal and state laws and regulations require that the approved F&A rate be applied consistently to all sponsored projects, and the university is scrutinized for compliance. In addition, state and university policies strongly encourage NIU investigators to perform sponsored projects on a full cost basis unless full cost recovery is restricted by law or public policy. Projects that bring in less than the full amount of F&A represent a subsidy of the sponsor by the University. In many cases, such subsidies run counter to federal accounting

rules, as well as University and State interests. Failure to recover allowable direct costs and F&A reduces the university's capacity to perform sponsored research and support faculty scholarship.

Intended Audience

- Dean
- Senior Administration – Vice Provosts, Associate Deans
- Director, Department Chair, Division Head
- Faculty and Staff
- Departmental/Divisional Business Administrators
- Finance Personnel
- Sponsored Programs Administration Personnel

Policy

It is the policy of Northern Illinois University to apply the University's full F&A rate to all externally funded projects. Externally funded projects include those projects where NIU is the prime applicant as well as when NIU is a subcontractor and funds are flowing to the university through another entity.

In accordance with the policy:

- Only the Vice President for Research and Innovation Partnerships (or designee) is authorized to modify F&A rates for a given project. Investigators and Project Directors are not authorized to modify the F&A rate. Any "prior understanding" between an investigator and a sponsor regarding F&A rate is not binding on the university.
- The on-campus F&A rate is applied unless it can be established that a majority of the project will be conducted in an off-campus location. Proper campus designation of a sponsored project is necessary to ensure the university is not over-charging or under-charging a sponsor for project costs.
- A limitation on the amount of funds available for a project from a sponsor is not in and of itself sufficient justification for a reduction or waiver of full F&A.
- For-profit sponsors will not be charged less than the full NIU F&A rate on grants or contracts. As a not-for-profit, public research university, it is inappropriate for NIU to allow its funds and facilities to subsidize projects conducted for the benefit of commercial sponsors. Investigators who are concerned about requesting the federally negotiated F&A rate from a private sector sponsor are encouraged to contact SPA for budgeting strategies.

F&A Exception

The appropriate, approved F&A rate will be sought on all sponsored projects regardless of funding source. All sponsors are expected to pay full costs except where prohibited due to legislative, regulatory, or programmatic restrictions. Federal programs restricting full F&A recovery will identify the limitation in the Funding Opportunity Announcement (FOA).

Examples of Federal programs that may limit F&A include:

- Training grants
- Conference and travel grants
- Career development grants

If a government or non-profit sponsor has a published, consistently applied policy establishing a specific F&A rate for their project(s), NIU will honor that rate.

In the absence of a published rate, NIU's federally negotiated rate will take precedence.

If a commercial sponsor requires full ownership of intellectual property produced jointly under a grant or contract and these conditions are consistent with the investigator's expectations, then a F&A rate significantly greater than the federally negotiated rate (up to 200% F&A rate) will be applied to the total project costs as specified by the Vice President for Research and Innovation Partnerships. It is inappropriate for NIU to allow its funds and facilities to subsidize projects conducted solely or primarily to benefit commercial sponsors. Relevant examples of intellectual property may include the following: new or improved devices, circuits, chemical compounds, drugs, genetically engineered biological organisms, data sets, software, musical processes, or unique and innovative uses of existing inventions.

F&A Waivers

On a case by case basis, the Vice President for Research and Innovation Partnerships (or designee) may approve a reduction or complete waiver of F&A given sufficient justification.

Instances recognized to fall within this category include, but are not limited to:

- Selected start-up projects where it is anticipated that the collaboration will result in future growth of external funding.
- Cases wherein F&A is an eligible category of cost-share.
- Cases wherein the benefit to the University outweighs the loss of F&A. For example, the project represents an important university outreach effort or a mandated activity that the university would otherwise be paying for.
- Cases wherein 80% or more of the project budget involve student assistantships and materials & supplies that support student activities.

The F&A Waiver Process

Investigators seeking a waiver or reduction of F&A on a proposed project must fill out a Facilities and Administrative Cost Recovery Waiver Form.

Submit the waiver request form to SPA as early in the proposal development process as possible but **no later than ten (10) days prior** to the sponsor deadline.

Submit the completed form to the SPA Director via the following:

Hard Copy: 203 Lowden Hall
Fax: 815-753-6081
Email: asosp@niu.edu

Contact Information

Subject	Contact	Phone	Email
Policy Questions and Waiver Approvals	Dr. Gerald Blazey, Interim Vice President for Research and Innovation Partnerships	815-753-1883	gblazey@niu.edu
	Dara Little, Assistant Vice President for Research and Sponsored Programs	815-753-9285	dlittle@niu.edu