

New York University

UNIVERSITY POLICIES

Title:	Application of Facilities and Administrative Cost Rates (F&A) Policy
Effective Date:	December 1, 2017
Supersedes:	September 1, 2013
Issuing Authority:	Sponsored Programs Administration
Responsible Officer:	Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that Facilities & Administrative Rates (F&A and/or indirect cost rates) are applied to sponsored projects in accordance with the negotiated rate agreement with the Federal government. F&A rates are established in accordance with the *Federal Office of Management and Budget Uniform Guidance* ([OMB Uniform Guidance](#)). These rates are negotiated between NYU and the Department of Health and Human Services, the Division of Cost Allocation, which is the cognizant Federal agency overseeing the administration of sponsored projects at NYU.

Purpose of this Policy

The purpose of this policy is to provide an explanation of NYU’s Facilities & Administrative Cost Rates, including definitions of “on-campus” and “off-campus” rates and Modified Total Direct Costs (MTDC), and how these rates should be applied to sponsored awards.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

a. Facilities and Administrative Cost Rates

All proposals to sponsors must include budget requests for F&A costs using the rates negotiated by NYU’s Sponsored Programs Administration (SPA) and provided to Departments and Schools by the Office of Sponsored Programs (OSP) unless a reduced rate is granted by the Provost or designee in accordance with NYU’s policy, Facilities and Administrative Cost Waivers, on a case-by-case basis.

OSP maintains a separate list of entities whose published policies specify rates lower than NYU's rates, where the lower rates have been approved by the University. Proposals to these sponsors may be submitted to OSP using the rates indicated on that list without prior approval by the Provost.

NYU's negotiated F&A cost rates are applied to the Modified Total Direct Costs of sponsored projects based on function (e.g., Sponsored Research, Sponsored Instruction, and Other Sponsored Programs). These functions are defined in the Policy Definitions at the end of this policy.

Modified Total Direct Costs (MTDC)

Modified Total Direct Costs (MTDC) is the base to which F&A (indirect cost) rates are applied. The Negotiated Rate Agreement defines this base as follows:

“Modified Total Direct Costs consist of all salaries and wages, fringe benefits, materials and supplies, services, travel, subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, participant support costs, student tuition remission, rental costs of off-site facilities, scholarships and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.”

Application of Off-Campus F&A Rates

Definition of *Off-Campus* – A project, or a part of the project, is considered to be performed off-campus if it is conducted off the University premises (in a facility not owned or operated by NYU) for a consecutive period of three months or longer. For these projects, the Off-Campus rate is used to calculate F&A costs.

If more than 50% of a project is performed off-campus, the Off-Campus rate will apply to the entire project.

Application of F&A Rates - Subawardees That Have Never Received a Negotiated Indirect Cost Rate

Any non-Federal subawardee that has never received a negotiated indirect cost rate (except for those non-Federal entities described in the Uniform Guidance, Appendix VII to Part 200— States and Local Government and Indian Tribe Indirect Cost Proposals, paragraph D.1.b), may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely.

Change in F&A Rates

For all sponsored projects, NYU will apply the predetermined negotiated rates for F&A costs in effect at the time of the initial award and those rates will remain in effect throughout the life of the agreement. The OMB Uniform Guidance [Appendix III] states that Federal agencies must

use the negotiated rates in effect at the time of the initial award throughout the life of the Federal award. Award levels for Federal awards may not be adjusted in future years as a result of changes in negotiated rates. “Negotiated rates” per the rate agreement include final, fixed, and predetermined rates and exclude provisional rates. “Life” for the purpose of this subsection means each competitive segment of a project.

If there is a preliminary, provisional rate in effect at the time a project is awarded, that preliminary rate will be applied when the award is established and will be adjusted at the time that the predetermined rate for that year is negotiated. That adjustment will be retroactive to the start of the award and will then remain in effect for the remainder of the project. If the predetermined rate is either increased or decreased from the provisional rate, the Sponsored Programs Administration will provide guidance on any action that is required.

New project proposals include proposals requesting funding for the continuance of an award beyond the initial period for the project. For example, if an award is originally approved for four years, then a proposal submitted for year five (or beyond) for another "competitive segment" is considered a new proposal.

b. F&A Cost Proposal Process

The calculation and negotiation of F&A cost rates strives to achieve full recovery of F&A costs, while maintaining full compliance with the Federal Costing Principles (OMB Uniform Guidance).

F&A cost rates for a specific year (the rate year) are based on actual F&A and direct costs from a prior year (the base year). There is a two-year lag for NYU between the base year and the rate year. The process in developing the F&A rates includes different rates for Instruction agreements, Sponsored Research, Other Sponsored Programs and special rates.

Proposal Development and Negotiation

The F&A Cost Proposal is developed using the Comprehensive Rate Information System (CRIS) system. Financial expenditure data is classified based on the campus financial expenditure detail for the development of the F&A Cost Rate proposals. Each cost is categorized between direct, F&A costs, and excluded costs. The cost allocations are further reviewed and scrubbed for unallowable costs. The final proposal is submitted to NYU’s Federal cognizant agency for review and negotiation.

c. Basics of F&A

F&A (*indirect*) Costs are those that are incurred for common or joint activities of the University and therefore cannot be identified readily and specifically with a particular sponsored project, instructional activity or any other University activity. A more detailed explanation of F&A costs are provided in the *Costing Policy*.

Policy Definitions

Other Sponsored Programs	Programs and projects financed by Federal and non-Federal agencies and organizations whose performance of work includes functions other than Instruction or Sponsored Research.
Sponsored Instruction	Specific instructional or training activity established by grant, contract or cooperative agreement. Sponsored Instruction includes agreements that support curriculum development and teaching/training activities (other than research training). Teaching/training activities include those offered for credit toward a degree or certificate, on a non-credit basis or through regular academic departments or by separate divisions, summer school or external division.
Sponsored Research	All research and development activities that are sponsored by Federal and non-Federal agencies and organizations are separately budgeted and accounted for. This category also represents the training of individuals in research techniques (commonly referred to as research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

Related Policies

- Charging Administrative Expenses to Federal Awards Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/charging-administrative-expenses-to-federal-awards-policy.html>
- Costing Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html>

- Facilities and Administrative Cost Waivers Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/facilities-and-administrative-costs-waiver-policy.html>

Federal Regulations

- OMB Uniform Guidance
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- Colleges and Universities Rate Agreement negotiated with the Division of Cost Allocation, the Department of Health and Human Services
https://www.nyu.edu/content/dam/nyu/research/documents/OSP/NYU_NICRA.pdf