

Facilities & Administrative (F&A) Rates Guidance: Applicability of On and Off-Campus Indirect Cost Rates

Purpose & Background:

This document provides guidance regarding the selection of the applicable F&A (also known as “indirect costs” or “overhead”) rate on extramurally-funded proposal and award budgets. Northeastern requires that F&A costs be recovered to the maximum extent allowed.

Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (“Uniform Guidance” 2 CFR 200) requires that grantees identify and assign costs consistently.

The University’s federally negotiated F&A rate agreement includes two separate rates, one for research and sponsored activities conducted on-campus (57%) and a separate rate for research or sponsored programs that are conducted off-campus (26%). The on-campus rate reflects facility costs incurred by the University as well as general administrative costs; in contrast, the University’s negotiated off-campus rate reflects only those costs associated with general administrative functions because university-owned or paid for facilities are not used in the conduct of the specific research or sponsored activity.

Definitions:

F&A Costs mean those costs that are "incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity." Examples of facilities costs include depreciation and interest costs related to the University’s physical plant as well as infrastructure, ITS, operating, maintenance costs. Administrative costs reflect general administrative functions such as payroll, purchasing/procurement, research administration, financial accounting and compliance.

On-campus means that the extramurally funded research or sponsored activity is primarily conducted in facilities owned or paid for by Northeastern; i.e., the space costs associated with the specific award are not directly charged to the funding agency. Rather, the University covers the overhead costs (utilities, maintenance, etc.) associated with the space (lab, offices, etc.) and is able to recover a portion of these costs via the application of the on-campus F&A rate.

Off-campus means that the externally sponsored activities are conducted using space/facilities/ at locations that are not owned or leased by the University. These facility costs are directly charged to the funding agency. Accordingly, only the “administrative” portion of the negotiated indirect cost applies to an off-campus, externally sponsored proposal.

Performance Sites mean those places where the research or sponsored activity will be performed as documented in the proposal.

Project Personnel’s Time and Effort means the level of commitment dedicated to the project by the Principal Investigators, faculty and other project personnel. Level of commitment is typically measured in person months and converted to percent effort and documented in the proposal/award materials.

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Application of the Applicable F&A Rate:

This guidance is applicable to all extramurally funded proposals and award. Each externally sponsored activity must use either the federally negotiated on-campus or off-campus indirect cost (F&A) rate, unless an exception (as described below) is granted.

The **on-campus rate** is applicable to all extramurally funded sponsored activities where:

1. The performance site is at a Northeastern owned property or paid-for (e.g., leased) facilities; or
2. If there are multiple performance sites, the Preponderance of the Time and Effort of University Personnel is performed in University-owned or paid for (e.g., leased) facilities.

The **off-campus rate** is applicable to all extramurally funded sponsored activities where documentation in proposal/award materials confirms:

1. There are multiple performance sites and the Preponderance of the Time and Effort related to the extramurally funded sponsored activity is conducted at a site that is not Northeastern owned or leased; and
2. The cost of the leased or rented space is included as a direct cost in the project budget and is paid as a direct cost by the funding agency.

Exceptions:

Exceptions related to this guidance are possible.

1. Regardless of place of performance, a funding agency stipulates an F&A rate and provides written documentation of their indirect cost policy statement that prohibits the University's recovery of the applicable federal F&A rate; or
2. The PI may request an exception to this guidance by submitting a written request to their college's Associate Dean for Research/ Finance requesting under-recovery of the allowable, applicable F&A costs. College-level approvals to forego recovery of allowable indirect costs must be attached to ePAWS proposal records at the time the proposal is routed to NU-RES for review.
3. The Northeastern owned or paid-for (e.g. leased) facility is not included in the effective federally negotiated rate agreement (e.g., foreign Northeastern campus).