



Vice Chancellor for Research and Economic Development

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Guidelines for Charging Facilities & Administrative Costs

This document provides guidance for charging Facilities and Administrative (F&A) costs in sponsored project budgets in accordance with University Policy No.601.16 Facilities and Administrative Costs.

Facilities and Administrative (F&A) (also commonly known as overhead or indirect costs) are the general support expenses relating to research and sponsored programs that are incurred for common objectives of the University and therefore cannot be readily identified with a particular sponsored award. Our F&A rate is set by the federal government through a negotiation process based upon our F&A cost proposal.

The full F&A rate reflects our federally negotiated cost of delivering services for which the University expects to be fully reimbursed. Waiving or reducing the F&A rate constitutes cost sharing. Agreements to share the cost of projects may be in the University's interests in some cases, but the decision to cost share on a proposal is an institutional decision and not the decision of an individual faculty member (see University Policy No. 602.6, Cost Sharing in Sponsored Programs). The Vice Chancellor for Research and Economic Development must approve any departure from full F&A cost recovery regardless of fund source.

Applicable Rates:

The rate agreement sets forth different rates for Organized Research (OR), Instruction, and Other Sponsored Activities (OSA), with on-campus and off-campus rates for each category.

Type of Project	FY14 Rate	FY15-17 Rate
OR – On	48.5%	51%
OR – Off	26.0%	26.0%
Instruction – On	50.0%	51.5%
Instruction – Off	26.0%	26.0%
OSA – On	34.0%	35.0%
OSA – Off	26.0%	26.0%

These rates are effective through June 30th of each fiscal year.

The appropriate F&A rate should be applied to a project's Modified Total Direct Cost (MTDC) base. MTDC is usually calculated by subtracting from the total direct costs (1) any equipment item that costs more than \$5,000, (2) the amount of any subcontract in excess of \$25,000, and (3) tuition costs. Occasionally there are other deductions from the total direct costs.

In order to use the off-campus rate, rent must be paid to a landlord with rental costs included in the budget and at least 51% of the project must take place in an off-campus facility. The Vice Chancellor for Research and Economic Development will also approve the off-campus rate for faculty members who are resident at a federal or corporate laboratory outside the Charlotte region for the entire project (*e.g.*, summer guest investigator program). The final determination to use either the on- or off- campus rate will be made by the Office of Research Services and Outreach or the Office of Proposal Development in collaboration with college-based research offices.

The University applies its federal F&A rate to all federally-funded projects, whether we are the prime recipient or a sub-recipient of those funds, unless the amount of F&A recovery has been restricted by the sponsor. The University also applies its federal F&A rate to projects funded by business or industry.

UNC Charlotte has a public service mission to serve the City of Charlotte and Mecklenburg County. Thus for projects funded by local government and local not-for-profit agencies within the Charlotte Regional Partnership region, the University will charge an F&A rate of 26% of modified total direct costs. This 26% rate will not apply to federal pass-through funds. In the case of federal pass-through funds, the University expects recovery of F&A at the full rate. Projects that fund only graduate student support (salary, fringe benefits, tuition) will charge an F&A rate of 26% of modified total direct costs.

Recovery of Limited/Reduced F&A:

Many private, non-profit foundations have an established, written policy of not paying indirect costs. Other sponsors limit F&A recovery through guidelines or policy. However, they may allow direct charges for costs related to research administration. In such cases, a copy of such policy must be attached to the proposal in NORM when it is routed through campus prior to submission to the agency. In all other circumstances, the Vice Chancellor for Research and Economic Development must approve waivers or reductions of F&A, and documentation of the waiver must be attached to the proposal when it is routed through campus.

Return of F&A and Administrative Costs to Units:

The University will return 10 percent of recovered F&A or "administrative" costs to the lead principal investigator's or project director's academic department. For awards involving multiple principal investigators, the allocation among departments of this return will follow the allocation of credit in the University's proposal and award database (NORM). Centers and institutes are not eligible for return of F&A costs unless the lead principal investigator or any principal investigator has no academic departmental affiliation.

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