
A8.900 Accounting for Research & Training Contracts & Grants

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A8.927 Facilities & Administrative Cost Charges in Contracts
and Grants

1. Purpose

To establish guidelines and procedures for the uniform application of facilities and administrative cost rates in contract or grant proposals; for securing waivers from approved facilities and administrative cost rates; and applying facilities and administrative cost rates to multi-year grants and contracts, continuation funding and supplemental funding.

2. Applicability

These guidelines and procedures shall apply to all extramurally financed contracts and grants of the University.

3. Guidelines

The following guidelines shall be followed to ensure the consistent treatment and inclusion of appropriate facilities and administrative cost rates in contract or grant proposals.

- a. Unless facilities and administrative cost recovery is limited or prohibited by statute, regulation, policy statement that can be verified through the web, or terms of the request for proposal, proposal budgets shall provide for full recovery of facilities and administrative costs via the most current rate identified under the College and Universities Rate Agreement between the University and the US Department of Health and Human Services Division of Cost Allocation that is appropriate for the proposed program or activity (also known as function) and location.

- i. Facilities and administrative costs are classified under one of three major functions:
 1. Sponsored research - Systematic study directed toward increasing scientific knowledge or understanding of the subject studied. Includes development, which uses the knowledge gained through research toward the production of useful materials, devices, systems, or methods. Also includes research training, where the training activity occurs in or uses the same facilities as research projects (e.g., K, F32, and T32 awards).
 - a. Special research rates have been developed for research programs or activities as follows:
 - i. Applied Research Laboratory at the University of Hawaii (ARL at UH). For research programs or activities conducted by the ARL at UH.
 - ii. Kaka'ako Research. For research programs or activities performed or conducted on the Kaka'ako Campus.
 2. Sponsored training - All teaching and training activities established by grant, contract, or cooperative agreement. Includes curriculum development; special student services established by grant, contract, or cooperative agreement; and service learning projects where students receive academic credit.
 3. Other sponsored activities - Activities that involve the performance of work other than research or training. For example, performances and exhibitions; workshops and conferences; evaluations; and operation of clinics, extension services, and small business development centers. Other sponsored activities also includes clinical trials performed for pharmaceutical companies.
- ii. On- or off-campus rates are applied in accordance with the following guidelines:
 1. On-campus rates shall be used when programs or activities are predominantly performed or conducted by University personnel, including project staff hired through RCUH, in facilities that are operated and maintained by the

University. On-campus rates apply regardless of whether facilities support is provided by the campus or by the schools, research units, or departments.

- a. A list of on-campus sites is provided in Attachment 1.
2. Off-campus rates shall be used when programs or activities are predominantly performed or conducted by University personnel in facilities provided by the sponsor (either at no cost or paid for by the grant or contract) or a third party, or in the field.
3. Predominance shall mean that more than 50% of the work is performed or conducted at the location.
4. In determining whether a program or activity occurs on-campus or off-campus, the work of subawardees shall not be considered. This is because the facilities and administrative cost rates apply to University activity and where it is performed or conducted.

iii. Rate agreement calculation base

1. The rate agreement calculation base is modified total direct costs (MTDC).
2. MTDC consists of all salaries and wages, fringe benefits, materials and supplies, services, travel, and the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). MTDC excludes equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, scholarships and fellowships, the portion of each subgrant or subcontract in excess of \$25,000, and specialized service facility charges.
3. Subgrant or subcontract refers to subwards of the programmatic work under a grant or contract. It does not refer to vendor contracts. Vendor contracts are subject to full facilities and administrative costs.

4. Specialized service facility (SSF) charges refer to charges from the following SSF's: IFA Job Order Services, IFA Mauna Kea Midlevel Facility, SOEST Computing Facility, SOEST Engineering Facility, and SOEST Ship Operations.

iv. Waivers

Except for sponsor limitations or prohibitions on facilities and administrative costs that can be verified through the web, any waiver from the most current rates on the Colleges and Universities Rate Agreement shall require the written approval (either in memo or email format) of the respective campus Chancellor or designee.

v. Multi-Year Grants, Multi-Year Contracts, Continuation Funding, and Supplemental Funding

1. Multi-Year Grants. In accordance with OMB Circular A-21, the facilities and administrative cost rates in effect at the time an award is made shall be used throughout the life of the award.
2. Multi-Year Contracts. Where the FAR clause at 52.216-15 is incorporated into the contract, the predetermined facilities and administrative cost rates in effect for the fiscal period in which costs are incurred shall apply.
3. Continuation Funding.
 - a. For grants or contracts that will be extended without competition, the facilities and administrative cost rate in effect at the time the original award was made shall be used in proposals for continuation funding.
 - b. For grants and contracts that will be subject to competition, the most current facilities and administrative cost rate shall be used in proposals for continuation funding.
4. Supplemental Funding. Supplemental funding is considered new funding. Thus, the most current facilities and administrative cost rate shall be used in proposals for supplemental funding.

4. Procedures

Principal Investigators, with the assistance of the Fiscal Administrator, shall budget for full recovery of facilities and administrative costs in proposals by using the most current rates in the Colleges and Universities Rate Agreement subject to the following:

- a. Limitation or prohibition on facilities and administrative cost rates. The Principal Investigator should provide copies of or a web address for the applicable statute, regulation, policy statement, or request for proposal that identifies the facilities and administrative cost rate limitation or prohibition along with the myGRANT Proposal Development record when the proposal is submitted to the Office of Research Services as support.
 - i. Letters from the sponsor that do not reference applicable statutes, regulations, or policy statements that can be verified through the web are not acceptable. Such letters should be considered requests for waivers and submitted to the appropriate campus Chancellor or designee for review and approval.
- b. Waiver of facilities and administrative cost rates. The Principal Investigator should determine well in advance whether a facilities and administrative waiver should be obtained for the proposal. Should the Principal Investigator determine that this is the case, the Principal Investigator should draft a memo or email request for waiver to the respective campus Chancellor or designee. The format may vary from campus to campus, but should be via the respective Dean/Director and include the amount of the waiver, the reason for the request, the benefit to be derived by the University as a result of the waiver, and the ramifications if the approval is not granted. A copy of the approved waiver request should be included with the myGRANT Proposal Development record when the proposal is submitted to the Office of Research Services as support.
- c. Tracking of Unrecovered Indirect Costs. Whenever a sponsor limitation on F&A costs is accepted or waiver of F&A costs is made, the amount of unrecovered indirect costs shall be tracked in myGrant in accordance with the myGrant general instructions. Unrecovered indirect costs is the difference between the amount the University could've recovered if it was allowed to charge its applicable federally negotiated F&A rate and the amount actually budgeted for F&A in the proposal.