

THE UNIVERSITY OF WISCONSIN-MILWAUKEE
FACILITIES AND ADMINISTRATIVE (INDIRECT) COSTS POLICY

Facilities and Administrative (Indirect) costs are real costs that provide reimbursement for actual institutional expenses that support extramural activities, but cannot be directly charged to a specific grant or contract. The costs result from shared services such as libraries, plant operation and maintenance, utility costs, general, departmental and sponsored projects administrative expenses, and depreciation or use allowance for buildings and equipment.

Facilities and Administrative (Indirect) costs for all federal grants and contracts are computed on the basis of actual costs incurred and regulations from the U.S. Office of Management and Budget that define those cost categories that are eligible for reimbursement. A set of Facilities and Administrative (Indirect) rates is periodically negotiated with the Federal Department of Health and Human Services (DHHS is the cognizant audit agency for UW-Milwaukee). A signed agreement, that establishes the allowable rates of reimbursement, is entered into between the University and the Government.

The variety of extramural sponsorship supporting our research, instructional, public service and fellowship/traineeship activities requires that the following guidelines be used in determining the appropriate Facilities and Administrative (Indirect) rate when submitting proposals for funding to and/or accepting awards from external sponsors.

Any questions on this notice should be directed to the Graduate School Office of Research Services and Administration, Tom Marcussen, Director (x4853).

I. GRANTS AND CONTRACTS

A. FEDERAL GRANTS AND CONTRACTS

1. Federal funds received directly from federal agencies

As stipulated in UW System *General Administrative Policy Paper* 2, IV. 5, all grant and contract applications to, and awards from, federal agencies must include Facilities and Administrative (Indirect) costs at the agreed upon rate as set forth in the University/DHHS Negotiation Agreement, unless a different rate is stipulated within the guidelines of a particular federal program. The faculty and staff are notified annually of the agreed-upon rates.

2. Federal funds received indirectly from federal agencies

Facilities and Administrative (Indirect) costs on pass-through funds, commonly referred to as non-direct federal grants and contracts (except those funds passed through other governmental units—see Section I.C.1. & 2.), must be included at the appropriate federal rate currently in effect.

B. NON-FEDERAL GRANTS AND CONTRACTS

1. From for-profit entities

All grant and contract applications to, and awards from, for-profit entities must include Facilities and Administrative (Indirect) costs at the agreed upon federal rate as set forth in the University/DHHS Negotiation Agreement, except as provided otherwise by federal regulations. Awards that do not include the full Facilities and Administrative (Indirect) rate will not be accepted, with the following exceptions:

- a. The Clinical Trial rate will continue at a rate of 20 percent of Total Direct Costs.
- b. For matching funds for a federal, state or non-profit funded grant or contract, the required rate on the matching funds from a for-profit entity will be limited to the rate approved for the applicable federal, state or non-profit agency.
- c. Grants and contracts of \$5,000 or less will be subject to the conditions specified in B. 2. Below (Non-federal Grants and Contracts—from non-profit entities).

2. From non-profit entities

All grant and contract applications to non-federal, non-profit entities should include Facilities and Administrative (Indirect) costs at the agreed upon federal rate as set forth in the University/DHHS Negotiation Agreement.

If the sponsoring non-profit agency, however, has a policy on paying Facilities and Administrative (Indirect) costs at a rate different from the federal rate, the application may include Facilities and Administrative (Indirect) costs at the reduced rate, subject to the following conditions:

- a. The University will review the policy upon receipt of a document on the sponsoring agency's letterhead certifying the following:
 - i) that the policy and rate are published;
 - ii) that it is an agency-wide policy;
 - iii) that the policy is consistently applied by that organization to all of its outside grants and contracts with educational institutions.

A copy of the agency's non-profit status as certified by the Internal Revenue Service may also be required.

- b. Requests for rate exceptions with documented justification must be included with the submission of the original transmittal form. All materials must be submitted with prior approval of the Dean/Director to the Graduate School Office of Research Services and Administration for final approval by the Dean of the Graduate School and Research.
- c. The Office of Research Services and Administration will maintain a list of non-profit agencies and rates that have been approved. The Office of Research Services and Administration may be contacted to determine whether an agency has a university approved rate, so that subsequent applications to these organizations will not require submission of further documentation.

C. GRANTS AND CONTRACTS FROM OTHER GOVERNMENTAL UNITS (i.e., FOREIGN OR DOMESTIC STATES, COUNTY OR LOCAL MUNICIPALITIES, LOCAL GOVERNMENTAL UNITS.)

1. Wisconsin state agencies, county or local municipalities, or local governmental units.
 - a. Facilities and Administrative (Indirect) costs on all new, renewal, and continuing applications to Wisconsin governmental units shall be requested at:
 - i) 15 percent of total direct costs, or
 - ii) 8 percent of total direct costs for Wisconsin Department of Public Instruction (DPI), Vocational, Technical, and Adult Education (VTAE); and all

divisions (except Health and Community Services) of Wisconsin Department of Health and Social Services (DHSS).

- b. The application budget should include both tuition remission and Facilities and Administrative (Indirect) costs, along with a footnote which states, "If funded from state GPR funds, or from non-federal funds which do not provide tuition remission and indirect costs, tuition remissions and Facilities and Administrative (Indirect) costs may be excluded from the award."
 - c. At the time an award is made, if the Wisconsin governmental unit provides verification that the project will be funded from the state GPR funds, or from non-federal funds, the award will be accepted without tuition remission and indirect costs.
2. Other governmental units (non-federal, non-Wisconsin).
- a. All grant and contract applications to other governmental units must include Facilities and Administrative (Indirect) costs at the agreed upon federal rate as set forth in the University/DHHS Negotiations Agreement, except as otherwise provided by federal regulations.
 - b. At the time of the award, if the other governmental unit has a policy stating that it will not pay Facilities and Administrative (Indirect) costs or will provide Facilities and Administrative (Indirect) costs at a rate less than the federal rate, the University will review the policy only upon receipt of a document on agency letterhead certifying the following:
 - i) that the policy and rate are published;
 - ii) that it is an agency-wide policy; and
 - iii) that the policy is consistently applied by that governmental unit to all of its outside grants and contracts with educational institutions.

Requests for rate exceptions with the aforementioned justification must be included with the submission of the original extramural support transmittal form. All materials must be submitted with the prior approval of the

Dean/Director to the Office of Research Services and Administration for final approval by the Dean of the Graduate School and Research.

- c. Proposals submitted jointly by the University and any of the above governmental units to the federal government must include both tuition remission and Facilities and Administrative (Indirect) costs on the University portion of the budget at the federal rate currently in effect.

II. **Gifts**

Extramural funds received by the University that meet all the following criteria will qualify as “gifts” and are not subject to Facilities and Administrative (Indirect) costs:

- A. Provide general or unrestricted support for broadly defined activities in one or more program areas, such as research, public service, instruction, fellowship/traineeships, etc.
- B. No detailed fiscal or technical reports are required—either periodic or final. (The principal investigator may provide the donor with a brief statement that the expenditures were in accord with the intent of the gift or a brief summary of the results of the supported activities.)
- C. No patents, copyrights, or other intellectual property rights that result from the gift are claimed by the donor.
- D. No provisions (e.g., delays, advance notice) are imposed by the donor concerning publication or dissemination of data and information derived from the activity.
- E. There is no specific time limit on the expenditure of funds.
- F. The donor’s gift is irrevocable.

Extramurally funded activities that do not meet all these criteria for designation as a gift will be treated as a non-federal grant or contract, subject to assessment of Facilities and Administrative (Indirect) costs as provided in this policy.

**Collection of Facilities and Administrative (Indirect) Costs
Summary**

Proposal to	Facilities and Administrative (Indirect)	Remission
I. Federal entities		
A. <u>Direct federal</u> (unless federal regulations stipulate another overhead rate)	Full	Yes
B. <u>Non-direct federal</u> (All sources except the State of WI, & other WII governmental units—see separate sections below)	Full	Yes
II. Non-federal entities		
A. <u>For-profit entities</u>	Full	No
Except:		
• Clinical Trial	20%	No
• Matching funds for a federal or non-profit funded grant/contract	Rate applicable on original award	No
B. <u>Non-Profit entities</u>	Full	No
Except:		
• Agencies with University approved rate that differs (see list)	Stipulated rate	No
• Agencies without University approved rate but with documentation to establish an acceptable rate	To be determined	No

- | | | |
|---|------|-----|
| <ul style="list-style-type: none"> • Non-Wisconsin governmental units (e.g. foreign or domestic states, counties, or local municipalities or governmental units) | Full | No |
| <ul style="list-style-type: none"> • Wisconsin governmental units (e.g. counties or local municipalities or governmental units)* | 15% | Yes |

* All proposals must include the following statement: “ If funded with federal pass-through funds, Facilities and Administrative (Indirect) costs must be awarded at the highest allowable rate. If no federal funds are involved, tuition remission may be excluded from the award.”

C. <u>State of Wisconsin Agencies</u> **	15%	Yes
--	-----	-----

Except:

- | | | |
|--|----|-----|
| <ul style="list-style-type: none"> • DPI, VTAE and H&FS training, instructional, and public service proposals | 8% | Yes |
|--|----|-----|

** All proposal budgets must include the following statement: “If funded from state GPR funds, tuition remission and Facilities and Administrative (Indirect) costs may be excluded from the award.”