

Office of Sponsored Programs

Facilities & Administrative Cost (F&A) Reimbursement Policy

Policy ID: OSP 0008

Date: 6/7/21

Status: Approved

Policy Type: Public

Issuing Office: Office of Sponsored Programs (OSP)

Responsible Executive: Provost

Affected Parties: Liberty University faculty and staff receiving external funding in the form of sponsored programs.

Reason for Policy: The costs of extramurally sponsored teaching, research, and service projects include direct, as well as indirect costs; also known as facilities and administration (F&A) costs. It is, therefore, appropriate for LU to seek compensation for all such costs in a responsible and equitable manner.

Policy Statement: For the purpose of this policy, F&A is based on the Office of Management and Budget Uniform Guidance (UG), 2 CFR 200. The UG defines F&A as 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." The terms indirect cost and F&A will be used interchangeably throughout the policy.

Procedures:

1. All externally funded projects conducted by LU shall seek reimbursement of F&A costs at the federally approved rates.
2. When the sponsor is a legally constituted federal, state, or local government entity or not-for-profit entity such as a foundation or health agency and has a published and uniformly applied policy regarding the payment of indirect costs, LU will abide by that sponsor's policy. Written evidence of such an agency's F&A payment policy must accompany any proposal bearing less than the rates referred to in item 1.
3. When projects have been negotiated and approved under a fixed price grant or contract, indirect costs will be calculated and applied against expenditures as they occur as well as to any unspent funds remaining in the project accounts at the conclusion of the project. The current negotiated federally approved rates will apply unless the conditions specified in item 2 are applicable. (For purposes of this policy, "fixed price grants or contracts" are those under the terms of which grant revenue is calculated as a flat rate per unit [for example, per case, per test] instead of being based on the cost charged to the grant account.)
4. Depending on where the majority of the work is performed, on-campus or off-campus rates may be applicable. Projects may qualify for the off-campus rate if 50% or more of the project is conducted using non-LU buildings and/or equipment.

5. LU shall use the negotiated indirect cost reimbursement rates in effect at the time of initial award throughout the life of a project agreement. For this purpose, "life of the project" means each competitive segment of a project. A competitive segment is a period of years approved by the funding agency at the time of the award. For fixed price contracts (as defined in item 3), the indirect cost rate applied during the project will be applied to all remaining funds when the project account is closed.
6. When an itemized budget is requested by a for-profit (industrial) sponsor for a grant or contract proposal, a total cost budget which combines direct and indirect costs should be presented to the sponsor. In such a case, an "internal" budget with itemized direct costs and appropriate designation of indirect costs using the appropriate federally approved rate also must be submitted to the Office of Sponsored Programs. Such grants or contracts will be assessed indirect costs in the same way that other grants and contracts are assessed.
7. Indirect cost reimbursement revenue will be identified with the primary faculty appointment unit of the grant or contract principal investigator.
8. The base for calculation of indirect costs applies to salaries only as designated by the current federally negotiated cost rate.
9. Faculty members are not authorized to negotiate indirect cost rates.
10. Those individuals in the LU administration who are authorized to commit LU to project contracts may not sign any grant or contract application unless the indirect cost reimbursement rate is equal to the current federal rate or unless the condition(s) specified in item 2 above are fulfilled.

Sanctions:	Sponsored agreements funded with public money (federal, state and local government awards; subcontracts under government prime grants and contracts) are subject to full review of all project activity (program and financial) by auditors. All project activities must comply with sponsor terms and conditions and with all applicable LU policies and regulations.
Exclusions:	None
Review Cycle:	Every two years or as needed. All OSP policies will be reviewed by the OSP Executive Director. The finance department is responsible for implementation of the financial management aspects of this policy. The Provost will approve all OSP policies.