

F&A Rate Reduction Guidelines

A. Obtaining an F&A Cost Waiver/Reduction:

A facilities & administrative (F&A) cost waiver/reduction is an institutional agreement that the University will charge an F&A lower rate than the rate negotiated with the federal government. Unless a project falls into a limited number of pre-established exceptions (see Section B below), Principal investigators (PIs) must petition for such a waiver/reduction on a case-by-case basis. Waivers/reductions are not granted for an entire type or class of project.

B. Determining if an Individual Project Waiver or Reduction is Needed:

An individual project waiver/reduction does not have to be obtained if the governmental or non-profit sponsor has a published rate lower than the full applicable rate. This does not apply to for-profit agencies, which are expected to pay the full applicable rate. To be acceptable, the published rate of the non-profit or governmental agency must appear in the guidelines (request for proposal, request for application, broad agency announcement, or other published guidelines) of the agency, be published on their web site, or be confirmed in writing by their grants office (not a program official). The lower rate must apply universally to all proposals submitted for that particular program or that agency. The Principal Investigator must provide evidence of the published rate with the Notice of Intent to Submit Form when the proposal is submitted for internal review. If such documentation cannot be provided, the Principal Investigator must include the full applicable F&A rate in the proposal.

If the sponsored project has an approved individual project waiver in place, the reduced rate may apply to any additional funding (e.g., supplement or renewal) provided by the sponsor as long as the amount does not exceed 25% of the original amount anticipated on the award. Funding added to a project above these levels require their own waiver. A note should be added to the Notice of Intent to Submit form indicating that this project is subject to a previously-approved individual waiver and the supplement does not exceed 25% of the original amount anticipated on the award.

C. Acceptable and Unacceptable Reasons for Individual Project F&A Waivers/Reductions:

Acceptable Reasons. The University may approve an F&A waiver for the reasons below. This list is not exhaustive, and the presence of one or more of these conditions does not guarantee that a rate reduction will be granted. Each circumstance is different and requests are treated on a case-by-case basis.

- Seed grants which may attract larger awards (normally, these waivers are approved with the stipulation that all future funding on the project will carry full F&A)
- Community relations or library projects
- Student services projects (or to increase funding to pay for students)
- Limited funding available/Available funds necessary to maximize direct costs
- Department committed to undertake the research regardless of external funding (e.g, any dollar gained is better than nothing)
- Transferred award for incoming faculty member
- Enhance cultural/artistic activities
- Only available source of funds in an area
- Strategic partnerships

Unacceptable Reasons. University policy does not allow F&A waivers/reductions to be granted in the following circumstances:

- The Principal Investigator failed to submit the proposal via approved institutional channels (e.g., through Sponsored Projects Administration or other approved institutional channel) prior to submission to the Sponsor. In these cases, the Sponsor will be expected to pay the full applicable F&A rate or the department will be responsible for cost-sharing that portion of the F&A the sponsor refuses to pay.
- To increase (or perceive to increase) the competitiveness of a proposal.

D. How to Request an Individual Project F&A Waiver/Reduction:

Each request must be submitted to the PI's Dean and the Director of OSPR for review (using the F&A Rate Reduction Form). Approval is not guaranteed and depends on the unique circumstances of the request. Principal Investigators may not offer a reduced rate to a sponsor in advance of receipt of an approved waiver. The University will not alter its review procedures or approval criteria because of such promises. Principal Investigators and their units are responsible for requesting any waivers needed in a timely manner. Reduction/waiver requests should be submitted 10 business days before the deadline.

E. Processing of Reduced-Rate Proposals without Evidence of an Approved Waiver:

If a proposal is submitted to the Office of Sponsored Programs and Research at a reduced rate without evidence of an approved reduction/waiver, OSPR will contact the principal investigator or the PI's unit to determine whether an Individual Project F&A Waiver/Reduction form or collegiate signature is in process. If a reduction request is in process, OSPR will facilitate a decision. If the process cannot be completed prior to the Sponsor's proposal deadline, the Principal Investigator is responsible for updating the proposal to use the full institutional F&A rate applicable to its submission to the Sponsor.

F. At the End of the Project:

For awards where the University is allowed to retain the unexpended balance, if there is a balance at the end of the project, the F&A rate reduction will be rescinded. The published rate will be charged to the entire project and the value of the reduction will be subtracted from the remaining balance. For example, if a balance of \$5000 remains at project end and the principal investigator was granted a reduction valued at \$1500, \$3500 would be available for transfer to departmental account. However, if the balance was \$500, no funds would be available for transfer to the departmental account and the effective reduction would then be \$1000.