

F&A Waiver Policy and Procedure

BACKGROUND

Facilities and Administrative (F&A) costs are infrastructure and administration costs associated with the conduct of research and other sponsored projects that cannot be readily and specifically identified with a particular project. F&A costs are synonymous with “indirect costs” and “overhead” and are incurred for expenses such as utilities; buildings; operation and maintenance; library-related expenditures; university services, such as telephones and IT; department, college, and service unit administrative costs; and federally mandated research compliance.

The practice of providing F&A cost returns to award recipients originated with the U.S. government. In recognition that indirect costs are real costs of doing business, the process of establishing F&A rates was developed as a means to provide reimbursement to grantees for these supportive services. UNLV’s F&A rate is established with our cognizant federal agency, the Department of Health and Human Services/Department of Cost Allocations. The F&A rate is renegotiated periodically to allow for inflation, changes in facilities and the associated operations costs, and variations in the level of sponsored activity.

The established rates are applied to the "modified total direct costs" (MTDC) base unless otherwise directed. MTDC consists of all direct costs with the exception of certain subcontract expenses, capital equipment, patient care, tuition remission, scholarships, and fellowships.

PURPOSE

The purpose of this policy is to set forth circumstances and to establish the procedure for requesting a partial or full waiver of F&A costs on sponsored projects.

POLICY

It is UNLV’s policy to include full F&A costs on all externally funded projects. However, while it is important to collect full F&A costs to offset the real costs of conducting sponsored projects, UNLV recognizes that sponsor limitations or unique situational considerations may justify a waiver. Therefore, reduction in or full waiver of F&A costs may be allowed under certain circumstances described hereafter.

EXCEPTIONS TO THE APPLICATION OF FULL F&A COSTS

Requests for partial or full reduction of F&A should be very rare. However, UNLV may consider a reduction or full waiver in the following circumstances:

Exceptions Based on Sponsor Policy - UNLV will honor a sponsor’s official policy regarding F&A if the sponsor has a formal, published policy regarding the reimbursement of F&A costs, or the

RFP/solicitation formally documents a project specific F&A restriction. Documentation of the sponsor policy or solicitation restriction must be forwarded to OSP.

Reductions or Waivers to Meet Mandatory Cost-Sharing - Contributing some or all recoverable F&A costs to meet cost-sharing requirements is highly discouraged. However, if all other cost-sharing options have been exhausted and a compelling argument can be made that the project has strategic benefit for the overall institution an exception may be considered. The Vice President for Research will consider such requests on a case-by-case basis, and waivers will only be approved with compelling justification.

VPR Approved Discretionary Reductions – Exceptions to the policy to charge full F&A, especially for sponsors willing to allow full recovery including industry, will be extremely rare. The Vice President for Research will consider such requests on a case-by-case basis, and waivers will only be approved with compelling justification.

PROCEDURE FOR REQUESTING EXCEPTIONS

- All exception requests must be reviewed and approved by OSP and/or the VPR **prior to** proposal submission or budget discussions with the sponsor.
- For sponsor required F&A restrictions the Principal Investigator (PI) must provide documentation of the sponsor policy or RFP/solicitation restriction to OSP prior to proposal and budget review.
- For discretionary reductions or waivers to meet mandatory cost share requirements, the PI must submit written or electronic justification providing a compelling argument for the waiver, including any strategic benefits to the university. The documentation should be submitted to OSP, and following internal review and data collection, the request will be forwarded to the VPR's office for final determination.
- Because college and department revenue is impacted by F&A waivers, department chairs and college deans must support F&A waiver requests. Thus, the Principal Investigator must provide documentation demonstrating this support prior to submitting a waiver request for VPR review.
- Principal Investigators are not authorized to negotiate a reduction or waiver of F&A with the sponsor. If the need to negotiate the F&A rate is anticipated, the PI should contact OSP well in advance of budget development and proposal submission.