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1. What is a F&A cost rate?

An indirect cost rate is a way of determining fairly and conveniently, within the context of sound administrative principles, what proportions of departmental/organization administration costs each program should bear. An indirect cost rate represents the proportion of total indirect costs to total direct costs, after excluding and/or reclassifying certain other costs (*e.g.*, capital expenditures).

Sponsored Projects Administration (SPA) sets F&A rates with the federal government based on formulas and negotiation processes set forth in 2 CFR 200.

2. What are TCNJ's currently approved F&A cost rates?

The following F&A cost rates are pre-approved by the College:

Standard Full F&A Cost Rate

- **65.0 percent:** This is TCNJ's federally negotiated F&A rate for programs/projects conducted on-campus. The rate is in effect for the period from July 1, 2013 through June 30, 2016. The rate is applied on a base of salaries and wages, excluding fringe benefits. On-campus locations include space in buildings owned or leased by the College. The on-campus designation indicates that any reimbursement of facilities-related costs will occur indirectly, through the application of the F&A rate that includes those costs, rather than through a direct space charge. **Note: This standard rate should be applied to all grant/award agreement budgets, including those funded from non-governmental sources, except where expressly disallowed by the funder or in consideration of one or more of the circumstances in Question #7 below.**

The negotiated rates must be accepted by all Federal awarding agencies. A Federal awarding agency may use a rate different from the negotiated rate for a class of Federal awards or a single Federal award only when required by Federal statute or regulation, or when approved by a Federal awarding agency head or delegate based on documented justification.

Acceptable Alternative Full F&A Cost Rates (only where the standard rate may not be applied)

- **49.8 percent:** This rate is for non-government grants/awards where no maximum allowable F&A rate is established by the funder. The rate is applied on a base of salaries and wages, fringe benefits, materials and supplies, services, travel, and up to \$25,000 on each subaward. (Such items/costs as equipment, student tuition/scholarship, and rental costs are excluded from the base.)
- **15.3 percent:** This is TCNJ's federally negotiated F&A rate for programs/projects conducted off-campus (at least 50 percent off-campus). The rate is in effect for the period from July 1, 2013 through June 30, 2016. The rate is applied on a base of salaries and wages, excluding fringe benefits. Off-campus locations include space that the College does not own or lease. The off-campus designation indicates that any reimbursement of facilities-related costs will occur directly, through a direct space charge, rather than indirectly through the application of a F&A rate that includes those costs. The "off-campus" designation does not refer to field work.

No single grant/award agreement shall be subject to more than one F&A cost rate. If more than 50 percent of the work performed by the College on a project is conducted off-campus, the off-campus rate will apply to the entire project.

Partial F&A Rates (approval for use required by the Office of Academic Grants and Sponsored Research)

- **35.0 percent:** This rate is for non-government grants/awards where no maximum allowable F&A rate is established by the funder. The rate is applied to the total program/project budget, including salaries and wages, fringe benefits, materials and supplies, services, travel, total subawards, equipment, student tuition/scholarships, and rental costs.
- **8.0 percent:** This minimum rate should be applied only when no higher rate (as identified above) is applicable, appropriate, or allowable. If the funder sets a maximum allowable F&A rate, the principal investigator should request that maximum rate in order to allow for the greatest possible indirect cost recovery, *i.e.*, to minimize the operational expenses to the College.

3. What are the responsibilities of a PI regarding F&A costs?

Principal investigators are responsible for including F&A costs in their proposals for sponsored projects funded by external entities. Principal investigators must use the federally negotiated F&A rate for all sponsored projects, unless an exception has been granted in advance of proposal submission or it meets the criteria for a reduced rate.

Principal investigators are not authorized to negotiate a reduction in the F&A rate or waiver of indirect costs with a funder on any sponsored project without prior approval. Principal investigators may petition for such F&A reductions for a single project. (See "*How do I request a waiver for all or part of the published F&A cost rate?*")

4. How are recovered F&A cost funds distributed?

F&A cost recovery, generated by F&A cost rates applied to external funds, must be shared by the schools substantially contributing to the work of a sponsored project and is also shared among

departments contributing to the work of a sponsor project, usually in proportion to their contribution. Units must document F&A cost sharing arrangements at time of proposal review and submission.

At TCNJ, the recovery of F&A costs from sponsored activities is normally allowed based on the approved institutional negotiated rate with the cognizant federal agency. Until Fiscal Year 2002, 100 percent of recovered F&A costs went to the College's general funds. As an incentive for faculty, departments, and schools to develop and submit competitive proposals to external sponsors and to promote other scholarly activities, the recovered F&A costs are now allocated to academic departments/centers, schools, and principal investigators. Currently, the total resources generated by the F&A costs through a grant/award agreement are distributed as follows:

Area/Unit	Allocation %
ADMINISTRATION	
College (general funds)	30%
Academic Affairs	25%
Grants Office	5%
ACADEMIC UNITS	
School	25%
Department/Center	10%
Principal Investigator*	5%

*If the PI is a staff member, his/her share of funding goes to the Department/Center.

The above distribution scheme was approved by the Dean's Council, vetted by the Academic Leadership Council, and approved by the Provost on July 7, 2014.

The share of F&A received by the school, department/center and the faculty PI is intended for enhancement of future grant acquisition, covering project costs that had to be removed at the proposal stage and for support to research and creative activity efforts.

Faculty PIs will be given access to their own budgets containing their share of the F&A. Specific expenditures from these budgets require approval by the cognizant dean before processing.

The Office of the Treasurer may negotiate an alternate model of indirect cost recovery distribution for certain campus operations, *e.g.*, institutes, centers, etc., as deemed appropriate by that Office.

Note: Each dean, at his/her discretion, may allocate the school F&A cost recovery allocation to the responsible principal investigator(s).

5. When will recovered F&A cost funds be distributed?

Distributions of recovered F&A cost funds will be made by the TCNJ Office of Finance and Business Services subsequent to the closing of each fiscal year. This will allow for an audit of expenditures related to each program.

