Facilities and Administrative costs (F&A), also called “indirect costs,” are actual costs that the University of Nevada, Reno (University) incurs when research, education or outreach projects are performed at the University. These costs include administration, utilities and space maintenance and are incurred for common or joint objectives which cannot always be specifically identified with a particular sponsored project.

Therefore, the F&A rate is accounted for on a pooled basis and assigned pro rata using the F&A rates that are determined by the University’s cognizant federal agency, the Department of Health and Human Services (DHHS). The F&A rate determination process occurs at regular intervals. It begins with a rate proposal submitted by the University and ends after the proposal undergoes critical review by DHHS. In the past, this process was referred to as a negotiation, but in recent years DHHS has applied a strict evaluation which has eliminated any room for negotiation. Sponsors can have confidence that the F&A rates used by the University will result in a modest recovery of costs by the University.

F&A costs are real and need to be paid, if not by the granting agency then by another source of University funds. The University’s ability to invest in research cores, renovation of research space, faculty start-up packages and research administrative staff support depends upon recovering the maximum allowable amount of facilities and administrative costs from all grants and contracts.

All sponsored projects are required to charge the full, applicable DHHS F&A rate regardless of the sponsor. This requirement to charge the full F&A rate rule applies to applications and proposals submitted to government agencies, private companies, industrial groups, foundations and other organizations.

**EXCLUSIONS/EXCEPTIONS**

**Non-Profit and Governmental Sponsors**

The University will grant an exception to the policy of charging its full F&A rate for non-profit sponsors and governmental agencies that have an explicit, published policy or statute limiting F&A recovery. As supporting documentation of the F&A restriction, a copy of the published policy or statute must be included with the proposal materials submitted to Sponsored Projects. The reduced F&A rate will be applied to total direct costs unless the
sponsor’s published policy or statutes dictates otherwise. In this situation, an F&A waiver is not required.

Note: Any limit of F&A recovery must be consistently applied to all recipient support from the sponsoring agency. Behind-the-scenes negotiation by University employees with sponsoring agencies regarding F&A recovery is strictly prohibited and is not binding on the University.

**For-Profit Sponsors (including clinical trial projects)**

For-profit sponsors are charged the full, applicable F&A rate for the project activity. A subsidy of any cost of the project would constitute a use of public funds for private benefit and would be an improper use of University resources.

**F&A WAIVER**

In contrast to the policy exceptions outlined above, an F&A cost waiver is an institutional agreement between the University and a sponsor that F&A costs will be charged at less than the University’s full, applicable rate. A waiver or reduction shall be granted only under exceptional circumstances and only when the programmatic benefit to the University is compelling and outweighs the institutional benefit of recovering the full cost of conducting the project. An F&A cost waiver or reduction shall not be approved because the principal investigator (PI) thinks this will increase the competitiveness of the proposal or because the total award amount is capped.

**WAIVER REQUESTS**

A waiver or reduction request must be approved by the assistant vice president for research administration prior to proposal submission. Under no circumstances shall F&A cost waivers be considered after an award is accepted by the University.

To request a waiver of or reduction in F&A costs, the F&A Cost Rate Exception Request form must be completed and submitted by the PI along with the proposal and Transmittal form five business days prior to the sponsor’s proposal deadline. The F&A Cost Rate Exception Request form must include the signed concurrence of the department chair/director and dean/vice president or center/institute director, acknowledging that the F&A costs waived will be deducted from any allocation of F&A returned to the unit(s) for the years applicable to the award. Reductions in F&A will begin with the PI’s proportion, then the department, then the college/division proportion of F&A. Any remaining deduction will be taken from the vice president for research and innovation’s F&A allocation.

**Example of F&A Reduction**

Under full F&A (44% on-campus research rate), 60.25% goes to the VPRI, 7.75% goes to the PI, 7.75% to the department and 7.75% to the college/division. If the requested reduction in F&A is from 44% to 26%, this is a reduction of 18%. The first 7.75% of the reduction will come from the PI's usual allocation, 7.75% from the department's usual allocation and 2% from the dean's usual allocation.