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A8.900 Extramurally Funded Research and Non-Research
Grants and Contracts

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A8.927 Facilities & Administrative Cost Charges in Contracts
and Grants

1. Purpose

To establish guidelines and procedures for the uniform application of facilities and administrative cost rates in contract or grant proposals; for securing waivers from approved facilities and administrative cost rates; and applying facilities and administrative cost rates to multi-year grants and contracts, continuation funding and supplemental funding.

2. Applicability

These guidelines and procedures shall apply to all extramurally financed contracts and grants of the University.

3. Guidelines

The following guidelines shall be followed to ensure the consistent treatment and inclusion of appropriate facilities and administrative cost rates in contract or grant proposals.

a. Unless facilities and administrative cost recovery is limited or prohibited by statute, regulation, policy statement (accessible via web), or terms of the request for proposal, proposal budgets shall provide for full recovery of facilities and administrative costs via the the most current rate identified under the College and Universities Rate Agreement between the University and the US Department of Health and Human Services Division of Cost Allocation that is appropriate for the proposed program or activity (a.k.a function) and location.

i. Facilities and administrative costs are classified under one of three major functions:

1. Sponsored research - Systematic study directed toward increasing scientific knowledge or understanding of the subject studied. Includes development, which uses the knowledge gained through research toward the production of useful materials, devices, systems or methods. Also includes research training, where the training activity occurs in or uses the same facilities as research projects.
 - a. Special research rates have been developed for research programs or activities as follows:
 - i. Institute for Astronomy (IFA). For research programs or activities conducted by the IFA.
 - ii. Applied Research Laboratory at the University of Hawaii (ARL at UH). For research programs or activities conducted by the ARL at UH.
 - iii. Kaka'ako Research. For research programs or activities performed or conducted on the Kaka'ako Campus.
 2. Sponsored training - All teaching and training activities established by grant, contract or cooperative agreement. Includes special student services established by grant, contract or cooperative agreement and service learning projects where students receive academic credit.
 3. Other sponsored activities - Activities that involve the performance of work other than research or training. For example, performances and exhibitions; workshops and conferences; evaluations; and operation of clinics, extension services, and small business development centers.
- ii. On or off-campus rates are applied in accordance with the following guidelines.
1. On-campus rates shall be used when programs or activities are predominantly performed or conducted by University personnel, including project staff hired through RCUH, in facilities that are operated and maintained by the University. On-campus rates apply regardless of whether facilities support is provided by the

campus or by the schools, research units or departments.

- a. A list of on-campus sites is provided in Attachment 1.
2. Off-campus rates shall be used when programs or activities are predominantly performed or conducted by University personnel in facilities provided by the sponsor (either at no cost or paid for by the grant or contract), a third party or in the field.
3. Predominance shall mean that more than 50% of the work is performed or conducted at the location.
4. In determining whether a program or activity occurs on-campus or off-campus, the work of subcontractors shall not be considered. This is because the facilities and administrative cost rates apply to University activity and where it is performed or conducted.
5. The use of one or more rates on a single grant or contract is discouraged due to the administrative burden it creates for departmental and central office staff. Dual rates may be permitted on large projects with annual budgets over \$250,000 and with appropriate justification. In such cases, separate accounts will be established to accommodate each separate rate.

iii. Waivers

Except for sponsor limitations or prohibitions on facilities and administrative costs that can be verified through the web, any waiver from the most current rates on the Colleges and Universities Rate Agreement shall require the written approval (either in memo or email format) of the respective campus chancellor or designee.

iv. Multi-Year Grants and Contracts, Continuation Funding and Supplemental Funding

1. Multi-Year Grants and Contracts.

- a. In accordance with OMB Circular A-21, the facilities and administrative cost rates in effect at the time an award is made shall be used throughout the life of the award.

- b. Where a College and Universities Rate Agreement expires before the end of a multi-year grant or contract and there is not a new rate agreement in place, the rate applicable to the last fiscal period (July 1 to June 30) quoted in the expired rate agreement shall be used for the remaining life of the award.

2. Continuation funding.

- a. For grants or contracts that will be extended without competition, the facilities and administrative cost rate in effect at the time the original award was made shall be used in proposals for continuation funding.
- b. For grants and contracts that will be subject to competition, the most current facilities and administrative cost rate shall be used in proposals for continuation funding.

3. Supplemental funding. Supplement funding is considered new funding. Thus, the most current facilities and administrative cost rate shall be used in proposals for supplemental funding.

4. Procedures

Principal Investigators, with the assistance of the Fiscal Officer, shall budget for full recovery of facilities and administrative costs in proposals by using the most current rates in the Colleges and Universities Rate Agreement subject to the following:

- a. Limitation or prohibition on F&A rates. The Principal Investigator should provide copies of or a web address for the applicable statute, regulation, policy statement, or request for proposal that identifies the F&A rate limitation or prohibition along with the Form 5 and proposal when the proposal is submitted to the Office of Research Services as support.
 - i. Letters from the sponsor that do not reference applicable statutes, regulations or policy statements, that can be verified through the web, are not acceptable. Such letters should be considered requests for waivers and submitted to the appropriate campus chancellor or designee for review and approval.

- b. Waiver of F&A rates. The Principal Investigator should determine well in advance whether an F&A waiver should be obtained for the proposal. Should the Principal Investigator (PI) determine that this is the case, the PI should draft a memo or email request for waiver to the respective campus chancellor or designee. The format may vary from campus to campus, but should be via the respective Dean/Director and include the amount of the waiver, the reason for the request, the benefit to be derived by the University as a result of the waiver, and the ramifications if the approval is not granted. A copy of the approved waiver request should be included with the Form 5 and proposal when the proposal is submitted to the Office of Research Services as support.