Facilities and Administrative Costs

Summary/Purpose: Require full F&A recovery unless limited or prohibited by sponsor

Facilities and Administrative (F&A) costs (also called indirect costs or overhead) are costs that cannot be uniquely associated with a particular project but which are nonetheless incurred by the university due to the project. They include costs such as departmental accounting and clerical support, network support, equipment depreciation, building and facilities operation and maintenance, library expenses, or sponsored projects administration. These costs are budgeted and charged as a percentage of some specified portion of the direct cost elements.

Budgets of proposals for external funding must include full F&A costs according to the University’s federally negotiated rates, unless limited or prohibited by the sponsor to which the proposal is directed. Exceptions to this may be allowed under special circumstances but only with the prior approval of the Vice Chancellor for Research and Sponsored Programs (ref. Part c of this policy).

If the sponsor limits or prohibits F&A costs, the Principal Investigator/Project Director (PI/PD) must enter the required explanation on the UM Transmittal Sheet for the proposal and also attach documentation of the sponsor’s policy (such as program guidelines or website reference) when submitting the proposal for Office of Research and Sponsored Programs (ORSP) review.

If a sponsor allows F&A costs but the PI/PD wants to request a waiver of these costs, such a waiver must be requested, in writing, to the Vice Chancellor for Research and Sponsored Programs at least two weeks in advance of proposal submission. Such requests are reviewed on a case-by-case basis and are approved only under special circumstances.