

 <p>Category: Financial</p> <p>Policy applicable for: Faculty/Staff</p>	<p><i>Policy Title:</i></p> <p>Facilities & Administrative (F&A) Rates for Sponsored Projects</p> <p>Effective Date: 09/10/2018</p> <p>Prior Effective Date: 09/28/2017</p> <p>Enabling Acts: University Rule 10-05-04 Code of Federal Regulations Title 2, part 200</p>	<p><i>Policy Number:</i></p> <p>2.1.19</p> <p>Policy Owner: VP for Research</p> <p>Responsible Office(s): Government Cost Compliance</p>
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Background

Costs charged to sponsored programs consist of two categories: direct costs and indirect costs. When considering federally funded projects, *2 CFR part 200* states that "Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award...relatively easily with a high degree of accuracy." Direct costs are easily assigned to a specific sponsored project and paid by its direct grant funding.

By contrast, "F&A costs are those that are incurred for common or joint objectives, and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity." F&A costs are those involving resources used mutually by different individuals and groups, making it difficult to assess precisely who should pay what share.

Policy

The University of Cincinnati uses the formalized process developed by the Federal government (consistent with generally accepted accounting principles and presented in *2 CFR part 200*) to determine the F&A cost rate for sponsored projects. This process is generally conducted every four years or at the end of a period covered by the last approved rates.

Procedure

To prepare a rate proposal, all F&A costs within the institution are assigned to one of nine cost pools related to primary functions. The nine cost pools, as defined by *2 CFR part 200*, are:

- Building Depreciation
- Interest
- Equipment Depreciation
- Operations and Maintenance
- Library

