INTRODUCTION AND GENERAL STATEMENT

1.01 Facilities and administrative costs are those costs the University incurs for purposes common to a number, or all, of the specific projects, programs, or activities of the institution. These costs, unlike direct costs, cannot be easily identified and subsequently charged directly to a project, program, or activity with any reasonable degree of accuracy or without an inordinate amount of accounting. Examples of Facilities and administrative costs would include, but not be limited to, items such as utilities, janitorial services, and administrative services such as accounting, personnel, and library services.

POLICY

2.01 Since facilities and administrative costs represent a major budget item for Oklahoma State University, reimbursement must be sought and collected on all sponsored projects. Although some sponsors will not pay facilities and administrative costs or will pay only a reduced rate, the amount not allowed as reimbursement is nonetheless to be shown in the proposal so that the sponsor and the University will be aware of the University's financial contribution to the sponsored project.

2.02 It is the policy of the Oklahoma State University that all overhead (facilities and administrative costs) funds shall be considered as income to the general University funds. These funds will be allocated in the same way as all other income and will be used for purposes that are justified as being in the best interest of the University.

2.03 A percentage of facilities and administrative costs received will be transferred, as earned, on a monthly basis or quarterly basis, to the agency or college generating the income. Adjustments to this percentage allocation may be made for separate budget agencies that now reimburse the General University fund for certain administrative, library, and physical plant costs.
2.04 If a change in the facilities and administrative allocation is planned, the Vice President of Research and Technology Transfer will notify colleges of any planned change in the allocation percentage.

**PROCEDURES**

3.01 General University as well as college/divisional accounts have been established to receive facilities and administrative cost payments. College/division accounts receiving the allocation are under the purview of the appropriate dean or director.

3.02 Reduction of facilities and administrative costs, if required by a contractor, or waived as a method of cost share, must conform to the limitations contained in Cost Sharing in Sponsored Research and Service Projects, Policy and Procedures Letter 1-0113.

3.03 Overruns or disallowed facilities and administrative cost on sponsored agreements resulting from allowable direct costs expenditures shall be included in the total project costs. In order to recognize these costs as a University contribution, they shall be moved from the grant or contract account to the appropriate account when mutually agreed upon by the cognizant administrators and the Director of Grants and Contracts Financial Administration. These expenses, noted above, are to be funded from the percentage share of facilities and administrative costs reimbursement credited to the appropriate college's working fund account or from other funds under control of the dean or director. When such transfers are necessary, the following procedures are to be used:

A. A notice of the amount of the overrun and/or disallowance will be issued to the appropriate dean, director or appropriate designee by the Director of Grants and Contracts Financial Administration.

B. The dean, director, or appropriate designee may offer an alternative solution within 10 working days after the notice. Otherwise, the Director of Grants and Contracts Financial Administration will be authorized to transfer the over-expenditure to the college's appropriate account in the amount necessary to cover the cost of the overrun.

C. Transfer of funds will be submitted to the Associate Vice President for Administration and Finance for approval.

D. A copy of the transfer notice, upon authorization and entry will be issued to the appropriate dean, director or appropriate designee for informational purposes.
3.04 Fixed Price Agreements

The University may enter into fixed price agreements over $5,000 with sponsoring agencies. These agreements should include all direct costs and allowances for facilities and administrative costs at the University's appropriate negotiated rate at the time the agreement is entered into. In any event, when the project is completed and all costs have been fully paid, the project account will be charged for any voluntary waivers of the facilities and administrative costs at the appropriate overhead rate in place at the time the agreement was executed. The earned facilities and administrative costs will be distributed in accordance with University policy. All funds remaining after this transfer will be moved (100%) into the college's or unit's designated account under the control of the responsible administrator.

3.05 Additional Administrative Fees Agreement, and Waivers of Facilities and Administrative Costs.

A. When a sponsor, for any specific purpose, formally agrees to an additional administrative fee or allowance (in addition to the estimated cost of performance) the sponsor's wishes shall be honored. Funds received through the recovery of the additional fee will be treated as facilities and administrative costs and transferred into the designated accounts under the control of the appropriate administrator(s). The fee must be noted on the grant's routing sheet.

B. Voluntary Waiver of Facilities and Administrative Cost most often occurs when the department, college, or University decides to reduce costs charged to a sponsoring agency or organization.

C. Mandatory Waiver of Facilities and Administrative Cost occurs primarily when a sponsoring agency, organization disclaims or limits the payment of Facilities and Administrative Cost.

3.06 Treatment of Voluntary Waiver of Facilities and Administrative Costs

The dean, director, or designee may choose, for any reason, to waive a portion of the facilities and administrative costs of a sponsored project. However, the waiver of any portion of the facilities and administrative costs will be charged to the working fund of the appropriate college or agency unless specified in section 3.07 of this policy or as directed by the Vice President of Research and Technology Transfer or designee.

3.07 Voluntary Waiver Exceptions

Exception to section 3.06 will be made under the following circumstances, and any waiver of facilities and administrative cost resulting from these circumstances will be treated as mandatory waiver of facilities and administrative costs.
A. Contracts with time and material, cost plus fixed fee, and other fully loaded rates.

B. Grants or contracts under $5,000 where facilities and administrative costs have been traditionally waived.

C. Sponsored projects that are funded through the OSU Foundation.

D. Sponsored projects funded where agency/sponsor policy or directives dictate the amount of facilities and administrative costs that can be recovered.

3.08 Consortium, Center, and Reciprocal Agreements

Facilities and administrative costs may be waived within partner agreements and the waiver of these costs will be considered as mandatory waivers under Section 3.07 (d).

Revised: November 1977
July 1982
July 2004
February 2011