



# Standard Administrative Procedure (SAP)

## 15.01.01.L1.06 Recovery of Facilities and Administrative (F&A) Costs

**First Approved:** February 25, 2014  
**Revised:** October 29, 2018  
**Next Scheduled Review:** October 29, 2023

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### Procedure Statement and Reason for Procedure

This SAP describes the process for recovering the facilities and administrative (F&A) costs of sponsored agreements. It is the practice of Texas A&M International University (TAMIU) to recover the maximum allowable F&A costs on all sponsored programs as set forth in the federally-approved Facilities & Administrative Cost Rate Agreement.

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### Procedures and Responsibilities

#### 1. GENERAL

Funding agencies (sponsors) indicate whether or not F&A costs (indirect costs) are allowable. When allowed by the funding agency, it is the policy of TAMIU to recover the maximum allowable F&A costs. The indirect cost rate for TAMIU is determined by prior negotiation with an agency of the federal government. The TAMIU rate has been negotiated with the Department of Health and Human Services (DHHS) and is effective for the period of September 1, 2016 – August 31, 2020. The approved and negotiated rates are as follows:

| Applicable To | Base                        | Rate | Location   |
|---------------|-----------------------------|------|------------|
| All Programs  | Modified Total Direct Costs | 41%  | On-Campus  |
| All Programs  | Modified Total Direct Costs | 9.7% | Off-Campus |

## 2. GUIDELINES FOR RECOVERY OF F&A COSTS

The following are guidelines for the recovery of F&A costs on sponsored agreements:

- 2.1 Agreements with federal agencies will provide for F&A cost recovery at the rates approved by the federal cognizant agency, except where a reduced rate is mandated by the agency due to statute or regulation.
- 2.2 Agreements with Texas state agencies and political subdivisions, at the option of the TAMIU, except where the agreement is funded with federal flow-through funds, may provide for cost-sharing of F&A costs.
- 2.3 Agreements with private business organizations will provide for F&A cost recovery at the federally-negotiated rate unless there is suitable compensation made for the difference between the F&A recovery and the negotiated F&A rate.
- 2.4 Agreements with private foundations will provide for F&A cost recovery at the federally-negotiated rate, except where precluded by the regulations of the foundation.

## 3. CIRCUMSTANCES FOR ACCEPTING WAIVED OR REDUCED F&A

When TAMIU accepts a sponsored project with no F&A reimbursement or with a reduced F&A rate, it is agreeing to a substantial subsidy of real costs associated with the sponsored activities. However, under certain conditions, an award may be accepted with waived or reduced F&A recovery. These circumstances are set forth below:

- 3.1 **Mandated by the Sponsor:** Reduced or waived F&A reimbursement is acceptable when mandated by the sponsor.
- 3.2 **Incoming Principal Investigator/Project Director's (PI/PD):** Waived or reduced F&A rates may be accepted in cases where the PI/PD comes to TAMIU from another institution with existing awards. Typically, waived or reduced F&A recovery occurs when the F&A rate at the former institution is lower than the TAMIU rate, or when the former institution accepted the award without F&A or at a reduced rate.
- 3.3 **Fixed Price Agreements:** If a residual balance exists at the conclusion of a fixed price agreement that has been accepted with less than full F&A cost recovery, the applicable F&A cost rate shall be calculated against appropriate direct cost expenditures. The residual balance shall be used to recover F&A costs not assessed during the life of the project. If a residual balance still remains, these funds will be transferred to the appropriate residual account.

## 4. STEPS FOR REQUESTING WAIVED OR REDUCED F&A

- 4.1 When a PI/PD wishes to submit a proposal or ask TAMIU to accept an agreement with waived or reduced F&A recovery that is not sponsor-mandated, the PI/PD must provide a statement of explanation to be included in Maestro or within the proposal's documentation. The statement for cost-sharing a portion of the F&A costs must outline the benefits to the system and to the state of Texas and must have approval from the

provost and vice president for academic affairs. Requests for F&A rate reductions to less than 12% of modified total direct costs are generally not allowed.

- 4.2 Waivers or rate reductions will not normally be considered under the following circumstances:
  - 4.2.1 When the sponsor's published rate is already lower than the established federally-negotiated rate.
  - 4.2.2 When the rate proposed, in the case of a sub-award, is not equal to the F&A rate allowable on the prime award.
  - 4.2.3 When F&A recovery is not requested in the initial proposal or where there is no formal proposal.
  - 4.2.4 In cases where the sponsor dictates a *not-to-exceed* total funding amount and faculty salaries are included as direct costs to the grant. Faculty salaries should be cost-shared first when availability of direct cost funds is limited.
  - 4.2.5 When the PI/PD or TAMIU has a financial interest in the for-profit company providing project funding.
- 4.3 If an F&A waiver/rate reduction is approved, it should not be viewed as precedent setting. Requests are evaluated and determinations will be made on a case-by-case basis. Annual reports of waiver/reduction requests approved over the fiscal year may be prepared and evaluated for the number of requests approved and their aggregate financial impact, the PI's/PD's and departments or divisions receiving approvals, and the rationale for the approvals.

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## Related Statutes, Policies, Regulations, or Rules

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[Texas A&M International University F&A Cost Rate Agreement System Regulation 15.01.01, Sponsored Agreements – Research and Other](#)

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## Definitions

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**Facilities and Administrative (F&A) Costs, also known as Indirect Costs (IDC)** – Real costs that provide reimbursement for actual institutional expenses that support sponsored agreements but cannot be directly charged to a grant or contract. The costs result from shared services such as libraries, physical plant operation and maintenance, utility costs, general, departmental, divisional and sponsored project administrative expenses, and depreciation or use allowance for buildings and equipment.

**Maestro** – An enterprise-wide system that supports researchers and research administration across the Texas A&M University System (System). Through Maestro, researchers can route their proposals for internal review and approval and manage their accounts once awarded. Authorized users can add research keywords to their personal profile, search for colleagues with a specific area of interest, and search for funding opportunities. Authorized users can login with their UIN and password via Single Sign On.

**Principal Investigator/Project Director (PI/PD)** – The person who takes direct responsibility for completion of a funded project, directing the research or program, and reporting directly to the funding agency.

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## Contact Office

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