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A Note Concerning On-Campus and Off-Campus Facilities and Administrative Costs Recovery Rates

A previous *Note* in this series discussed the recovery of the facilities and administrative costs (F&A) of conducting sponsored programs. The facilities costs of sponsored programs (the “F” of F&A) include (a) depreciation and use allowances for buildings and equipment; (b) facility operation, support, and maintenance expenses; (c) library costs; and (d) interest on debt incurred by the university related to buildings, equipment, and capital improvements. The administrative costs of sponsored programs (the “A” of F&A) include (a) general administrative services of the university, such as human resources, accounting, and procurement; (b) departmental administrative services, such as sponsored program costs associated with deans’ offices; (c) student administrative services related to students working on research projects; and (d) sponsored programs administrative services, such as the costs of running ORSP and those associated with radiation and laboratory safety monitoring or the operation of institutional review boards.

UMass Boston, like all colleges and universities, applies a federal government approved F&A cost recovery rate to the modified total direct costs (MTDC) of each sponsored program during proposal development to determine the allocation of the university’s F&A costs to be included as a line item in the budget. The rate is negotiated periodically (i.e., every 3 years) between the university and its designated cognizant federal agency, the U.S. Department of Health and Human Services (DHHS). The rate calculation follows the federal rules and regulations¹ that govern grants, contracts, and cooperative agreements. UMass Boston has one approved rate for sponsored programs conducted on campus and a second rate for sponsored programs conducted off campus. The purpose of this *Note* is to distinguish between these two F&A rates and to outline the decision criteria that lead the professional staff of ORSP to apply the appropriate rate in the development of the budget to be included in a sponsored program proposal.

The government approved **on-campus F&A** rate is applicable to nearly all sponsored programs conducted by UMass Boston faculty, staff, and students because they use the university’s buildings and equipment, libraries, general and departmental administration services, and research support and administrative services. Consequently, it is appropriate to recover from the sponsor both the facilities costs and the administrative costs associated with the sponsored program.

¹ These rules and regulations are set out in the U.S. Office of Management and Budget Circular A-21: *Cost Principles for Educational Institutions*.

Some sponsored programs, however, are conducted at an off-campus facility. In such cases, it is appropriate to recover from the sponsor only the administrative costs associated with the sponsored program. That is, the costs associated with the operation and maintenance of the university's physical plant and the costs associated with the library cannot be recovered from the sponsor. The federal government approved **off-campus F&A rate** includes only the "A" portion of the F&A rate.

But what does it mean to conduct a sponsored program off-campus? The ORSP professional staff, based upon information provided by the principal investigator (PI), will apply three decision criteria to determine if the off-campus F&A rate is appropriate for a proposed sponsored program. The first criterion concerns the space, the second concerns the program activities, and the third concerns the term of the program. (See Figure 1 for a presentation of these criteria in a decision flowchart.)

- I. **Space.** The space in which the PI's and program staff members' efforts and the sponsored program activities occur is **not** owned, operated, and maintained by the university, AND one of the following two additional criteria apply:
 - A. No UMass Boston entity bears a lease cost for occupying the space;OR
 - B. The space is remote from the UMass Boston campus. Remote means that (a) the space is a significant physical distance from the Boston campus (i.e., beyond reasonable commuting distance), AND (b) non-university services are necessary to conduct the program in this space, such as mail, telephone, data network, and other support services;
- AND
- II. **Program Activities.** The preponderance of the PI's and program staff members' efforts and the sponsored program activities are conducted in this off-campus space (as determined in I), AND the use of the UMass Boston library is not essential for the successful completion of the program activities. Conducting the sponsored program in off-campus space for the convenience of the PI and program staff is not a relevant consideration. In cases where the preponderance criterion is not clearly met, or when the efforts and activities occur in both on-campus and off-campus locations, then the ORSP professional staff will attempt to apportion the elements of the proposal budget between on-campus and off-campus components. In instances where the off-campus component is 50% or more of the budget, the preponderance criterion will be met.
- AND
- III. **Program Term.** The PI's and program staff members' efforts and the sponsored program activities continue in this off-campus space for a material portion of the term of the sponsored program agreement AND not less than 3 consecutive months. For example, fieldwork or data collection during the summer at a research field station in India would meet this criterion as would 3 months aboard a research vessel in the Arctic Ocean (provided the field station or vessel are not owned or leased by the university).

If all three decision criteria are applied and are met, then the off-campus F&A rate will be selected. Sponsored programs that involve both on-campus and off-campus work will not be subject to more than one F&A cost recovery rate. If it is determined that the sponsored program is being conducted off campus, then the off-campus F&A rate will be applied in the development of the proposal budget.

The application of the appropriate on-campus or off-campus F&A cost recovery rate is determined by the ORSP professional staff, not the PI, at the time the proposal is being prepared for transmission to the sponsor. Occasionally the F&A rate for a sponsored program may need to be switched after the award is made and the project has commenced. This can only occur if the circumstances that determine the selection of either the on-campus or the off-campus rate change materially and only with the approval of the sponsor.

It is important to note that the existence of a lease does not, in and of itself, determine which F&A rate will be used. Leased space can be on-campus space when the space is physically proximate to the UMass Boston campus and when university-provided support services are used such as mail, telephone, and data network services. When a leased space is considered off-campus, then facility costs (e.g., rent, building renovations, insurance premiums, equipment leases) should be included in the proposal budget and charged to the sponsor as a line item in the proposal budget.

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Figure 1. Decision Criteria for the On-campus and Off-campus F&A Rate

