



THE UNIVERSITY of
NEW ORLEANS

ADMINISTERED BY: Office of Vice
President for Business Affairs

Policy No: AP-BA-15.2
TITLE: Grants and Contracts –
Recovery of Facilities and
Administrative Costs and
Employee Benefits
EFFECTIVE DATE: March 7, 2014
CANCELLATION:
REVIEW DATE: Spring 2016

PURPOSE

To provide necessary information for the inclusion of indirect costs and employee benefits in budget proposals for grants and contracts.

AUTHORITY

University of Louisiana System Policy and Procedure Memoranda FB-IV.III-1(Private Grant and Federal Funds Authority) and M-10 (Grant Applications/Contract Documents).

DEFINITIONS

Direct Costs are those expenses to be directly charged to the grant or contract, such as salaries and employee benefits, travel, printing, supplies, professional services and equipment. Modified Total Direct Costs refer to the base to which the indirect cost rate is applied and consists of the sum of all direct costs except equipment, subcontracts in excess of \$25,000, stipends, and tuition payments. (See Specimen Budget.)

Employee Benefits Cost are expenses paid by the University for compensation in addition to a faculty or staff member's salary, such as group hospitalization or life insurance premiums, retirement system contributions, workmen's compensation insurance premiums, unemployment benefits and accrued leave payments upon termination of employment. Employee Benefits Costs are direct costs.

Employee Benefits Cost Rate is the rate negotiated annually between the University and the U.S. Department of Health and Human Services. It is applied to certain salaries and wages to be funded by the grant or contract to compute the University's charge for employee benefits costs. (See Specimen Budget.)

Facilities and Administrative Cost (F&A) previously known as Indirect Costs are expenses incurred by the University in supporting grants and contracts which are not specifically identifiable with a particular project. These costs include physical plant services such as utilities and janitorial services; depreciation use allowances on equipment and buildings; departmental, college and institutional administration; library operations; and various general expenses, commonly referred to as "overhead."

Facilities and Administrative Rate previously known as Indirect Cost Rate is the rate negotiated every five years between the University and the U.S. Department of Health and Human Services, and is based on a sophisticated indirect cost study performed by the University.

GENERAL POLICY

All grant or contract proposals should include a budget which contains both direct and indirect costs. If the funding agency does not as a matter of policy pay indirect costs, the person submitting the proposal must submit evidence to support that claim.

Employee benefit costs must be included in all proposals containing salaries and wages of faculty, nonclassified or classified employees.

PROCEDURE

1. **Facilities and Administrative Cost (F&A)** - Costs to be included in grant and contract budgets are calculated by multiplying the current negotiated indirect cost rate times modified total direct costs.

a. Current Rates - Rates vary according to the function in which the project is to be executed and the primary location of the work. Rates are announced by a memorandum of the Office of Business Affairs. Rates are applicable for the duration of the award. Rates are listed at: <http://www.uno.edu/orsp/ProposalDevelopment/IndirectCosts.aspx>

2. **Employee Benefits Costs** - Employee benefits costs to be included in grant and contract budgets are calculated by multiplying the current negotiated rate times "covered" salaries and wages. "Covered" salaries and wages are payments to faculty (regular salary, summer salary and additional compensation), nonclassified staff, and classified staff (regular salary and overtime.)

Salaries of graduate assistants and student wages are not subject to employee benefits. (Neither are consulting fees paid non-employees.)

Rates are listed at: <http://www.uno.edu/orsp/ProposalDevelopment/FringeRate.aspx>

Sample budget templates (1 year, 1 to 3 years and 5 years) for sponsored research proposals are available on the Office of Research and Sponsored Programs proposal development site at <http://www.uno.edu/orsp/ProposalDevelopment/>



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