Full Cost Recovery Guidance for Non-Federal Sponsored Projects

UCSF Operating Guidance Memo
Reviewed Date: December 2017
Responsible Office:
- **Office of Budget & Resource Management**
- **Office of Sponsored Research**

Relevant Policies:

UC Office of the President
Chapter 8 – Indirect Costs, UC Contract and Grant Manual
APM-20 - Academic Personnel Manual Chapter 20

UC San Francisco
250-11 Sales & Service Center(s) Recharges, ESSERA, & Common Cost Allocations
250-11 Policy Guidance – UCSF Sales and Services Center Policy Guidance and Procedures Manual
300-19 Expenditures Extramural Funds
300-22 Cost Transfers
400-10 Academic, Legal and Financial Policies of Contracts and Grants
400-16 Award Acceptance and Execution of Contracts and Grants

Guidance Purpose and Background:

This document provides clarification on direct costs applicable to sponsored projects at UCSF and guidelines for the charging and approval of expenditures on awards from non-federal sponsors. The cost of performing work under a sponsored project is comprised of both direct costs incident to the performance plus the applicable portion of the facilities & administrative (F&A) costs of the University. The UCSF federally negotiated rate agreement determines whether a cost should be considered a direct or indirect cost for the purposes of research expenses. Institutions may vary in this determination of direct and indirect costs but the UC policy requires the recovery of all costs, both direct and indirect, associated with performing sponsored research.

UCSF further expects non-federal sponsored projects to pay for the University's costs detailed in this memo if:

- The terms and conditions do not specifically prohibit such costs,
- A benefit exists to the sponsored project, and
- According to the University cost principles, the costs are assigned as direct costs

Scope:

This document applies only to sponsored projects funded directly by non-federal sponsors or a subaward where the prime sponsor is a non-federal organization.

Definitions:

Direct Costs

Direct costs are those costs that can be specifically identified with a particular sponsored project, an instructional activity, or any other institutional activity relatively easily and with a high degree of accuracy. Typical costs charged directly to a non-federal sponsored project may include but are not limited to: the compensation of employees working on the project; employee benefits; the cost of services, supplies and equipment used solely in the performance of the project; travel; subaward costs; human subject fees and long distance telephone costs. (See Appendix A for examples)

Indirect Costs

Facilities and administrative (F&A) costs are the indirect costs of conducting research, instruction, or other sponsored activities that cannot be easily attributed to a specific sponsored project. When seeking the reimbursement of indirect costs on a sponsored project, the University is recovering for costs already spent to support these activities. (See Appendix A for examples)

Budgeting and Recovery of Key Cost Categories:

Recharge and Other Expenses

UCSF treats costs incurred consistently as direct or indirect costs in accordance with the compliance standards of OMB Uniform Guidance (2 CFR 200). In order for the University to fully recover project related expenses, the items identified below should be budgeted as direct costs, when applicable, in proposals to non-federal sponsors for grant and contract awards. This may contain items that typically are part of the F&A rate calculation at other institutions.

Those cost categories that should be requested for reimbursement **include but are not limited to** (see definitions in Appendix B):

A. General, Automobile, and Employment Practices Liability Assessment (GAEL)
B. Data Network Recharge
C. Computing and Communication Device Support Services
D. Central Data Center Services (when applicable)
E. Institute for Health Policy Studies(IHPS) Data Management Services (when applicable)

Administrative Fee or Institutional Allowance in Lieu of Indirect Costs

Sometimes a sponsor may not allow for UCSF's approved indirect cost rate to be charged to an award, but instead provides an administrative fee or institutional allowance. Such fees and allowances are budgeted separately but will be recovered as indirect costs unless the sponsor has restricted the usage of this category (e.g. paying for fringe benefits on a fellowship). If the sponsor has restricted the treatment of this line item, it can be recovered as direct costs.

In some instances, the fee or allowance may be greater than the amount recoverable as indirect costs based on the applicable UCSF F&A rate. In these cases, the excess amount may be retained by and re-budgeted at UCSF's discretion to direct cost categories.

Cost Recovery for Non-Federal Awards

All expenses charged to non-sponsored projects must follow cost accounting standards as follows:

- Expenditures on a non-federal sponsored project must be allowable according to the sponsor's terms and conditions and by University policy.
- Direct costs are those costs that can be identified specifically with a particular sponsored project. Identification with the sponsored work, rather than the nature of the goods and services involved, is the determining factor in distinguishing direct costs from F&A costs of sponsored agreements.
- Any facilities and administrative costs directly charged will be excluded from the cost pools for F&A rate development in order to avoid double counting.

Roles and Responsibilities:

Principal Investigator

- Identify types of expenses needed to conduct the project as proposed and awarded.
- Manage and administer his/her award within the constraints imposed by the sponsor and in accordance with University policy.
- Authorize all expenditures of project funds unless otherwise delegated in writing, to a responsible designee.

Departmental Research Administrators

- Document the appropriateness of expenses in relation to the project prior to processing the expenditure.
- Use cost principles as follows for the assessment:

  o **Allowable**. The expense must be permitted by the sponsor and be in accordance with University policy.
  o **Allocable**. The cost can easily be identified with the project and be assigned to the project in accordance with benefits received.
  o **Reasonable and Necessary**. The cost must be necessary for the performance of the award and reflect the action that a prudent person would have taken.
  o **Conformity.** Costs must conform to limits or exclusions set forth in the sponsored agreement or University policy.

Budget and Resource Management Office

- Ensure appropriate treatment of direct and indirect cost in F&A rate development.

References:

- [Contract and Grant Manual, Office of the President](#)
- [Uniform Guidance, Cost Principles for Educational Institutions](#)
- [UCSF Controller's Office Website](#)
- [UCSF Campus Administrative Policies Website](#)

Appendix A

Examples of Direct Charges and F&A Type Charges

	NORMALLY DIRECT	NORMALLY F&A
Data Network	Wide area network usage necessary to meet the goals of the project and must be specifically budgeted, justified, and approved (or not specifically disapproved) by the sponsor.	Backbone/wireless services, port fees, wide area network usage related to administrative activities, internet services.
Dues and Memberships	Directly related to the project.	Dues/memberships (other than those specifically required) in business, professional and technical organizations; subscriptions.
Equipment	Scientific and technical computer costs including software, supplies and services.	General purpose equipment.
Postage	Shipment of research materials and deliverables.	General purpose, including express delivery.
Repair and Maintenance	Maintenance agreements related to scientific and technical equipment.	Buildings, grounds, building equipment, remodeling
Salaries, Wages and Benefits	Faculty, technicians, research associates and assistants, including graduate research assistants and other students performing scientific or technical work, post-doctoral associates and other technical and programmatic personnel necessary to meet the goals of the project.	Administrative and clerical positions such as administrative assistants, accountants, office personnel, including student workers, purchasing agents and buyers; administrative activities of directors and assistant and associate directors, executive assistants, and other administrators.
Services	Consultant's fees, printing, reprints and page charges, photography and photocopy charges. Repairs and maintenance (related to scientific and technical equipment).	Legal and financial services, insurance, general recruitment advertising. Repairs and maintenance (facilities and general purpose equipment). Administrative computing. Sanitation services including hazardous waste.
Supplies	Laboratory and scientific supplies, chemicals, glassware, field supplies, compressed gases and liquids, radioactive material, software, animals.	Office Supplies, custodial supplies, parts and supplies associated with repair and maintenance of general purpose equipment and facilities, paper, forms, general purpose books and reference materials.
Telephone	Telephone (including FAX) toll charges.	Recurring basic service, installation and maintenance, cell phones, pagers.
Travel	Required to carry out the objectives of the sponsored project.	Related to administrative activities.

Appendix B
Descriptions of Payroll Assessments and Recharge Services

A.   General, Automobile, and Employment Practices Liability Assessment (GAEL)

GAEL is business travel accident insurance covering a wide variety of accidents and provided to all University employees traveling on official University business. As the UCSF campus comprises several sites throughout San Francisco and the Bay Area, all staff travel between sites for business meetings to perform their duties.

B.   Data Network Recharge (DNR)

The Data Network Recharge ensures continuous improvements and stabilization of UCSF's electronic information flow and provides funding to support the investment in infrastructure of equipment replacement and maintenance.

C.   Computing and Communication Device Support Services (CCDSS)

CCDSS includes software installation and updates, internet security, hardware setup and configuration, and backup and maintenance of central servers and is an integral component of data and voice network services.

D.   Central Data Center Services

The UCSF Data Center is a state-of-the-art, highly dynamic and multi-functional facility supporting campus academic, research, administrative and other mission critical computing requirements. This precision environment was designed with high availability features and is capable of operating without outages of any kind.

The modular and robust infrastructure enables rapid deployment and reconfiguration of equipment ensuring maximum availability. In addition, this campus data center reduces the need for your department to allocate resources to building and maintaining server closets.

E.   Institute of Health Policy Studies (IHPS) Data Management Services

The IHPS Data Management Services recharges expenses related to the installation and maintenance of departmental servers including backup systems, maintenance of data dictionaries available via secured departmental/local area network and backup statistical data sets for analysis. Most of the work performed at IHPS is research-based, data-intensive, requiring sophisticated data processing, reliable back-up, and analysis software and hardware. This recharge supports the computer network infrastructure that these research efforts require.

The services provided are In-person consultation and Network Support, which are not provided by the Computing and Communication Device Support Services recharge.