



Western Michigan University
Kalamazoo, MI 49008

Effective Date: Feb. 26, 2019

REQUESTING A FACILITIES & ADMINISTRATIVE RATE WAIVER PROCEDURE

1. Purpose of Procedure

The purpose of this procedure is to determine whether a sponsored project may request a reduced facilities and administrative (F&A) rate.

2. Background

Western Michigan University negotiates rates with the federal government for reimbursement of F&A costs from sponsors. WMU requires that F&A costs be included in all proposal budgets and that F&A costs be recovered to the maximum extent possible. Some government agencies and non-profit organizations have limits on the F&A that can be charged that may be less than University's approved F&A cost rate; this should be stated clearly in their guidelines. The university may accept a lower F&A cost rate under the condition that the sponsor is a not-for-profit organization that has an official written policy of paying an F&A cost rate lower than the university's rate, and the rate is applied uniformly to all award recipients.

3. Key Definitions

- 3.1. F&A Costs - those costs associated with the infrastructure that supports the costs of the research mission and includes buildings and their maintenance, libraries, and administrative costs which cannot easily be determined for each project.
- 3.2. F&A Waiver - is defined as the institutional acceptance of a rate lower than the approved F&A rate.

4. Procedure Details

Waiver approvals are rare and should only be requested under exceptional circumstances.

4.1. When is a waiver not required?

The principal investigator need not request an F&A cost rate exception if the federal, state or local government agency sponsor's rates are the result of statute, codified agency regulations, or program terms published in the sponsor's announcement or solicitation.

Should a not-for-profit competitive grant program with a published program announcement or a nonprofit entity have a written policy that limits or prohibits the recovery of F&A costs, a waiver request is not required if the policy meets the following criteria:

- 4.1.1 the rate is published in an official written and publicly disclosed policy that is applied on a consistent basis; or
- 4.1.2 a public solicitation for a proposal defines a limit on F&A cost recovery as a condition of the program .

To qualify documentation of the sponsor's rate must be included with the Proposal Approval Form at the time it is routed for institutional approval.

If the policy does not meet the above criteria, then a waiver must be requested

4.2. Approval authority for F&A cost rate exceptions

An F&A cost waiver will be approved only under exceptional circumstances. Only the Vice President for Research and Innovation, or her/his designee, may approve exceptions to the University's policy on recovery of F&A (link to final policy forthcoming). This waiver requires the approval of the department chair/unit director and Dean (or designee) prior to submission for consideration to the Vice President for Research and Innovation.

The principal investigator or project director may not negotiate a reduction in F&A cost recovery with the sponsoring entity on behalf of the University

5. Procedure for requesting a waiver

- 5.1. The PI should first discuss the need for a waiver with the department chair/unit director and the Dean (or designee).
- 5.2. The F&A Waiver Request form must be completed by the PI and signed by the chair/unit director and the dean (or designee). The request must also include a brief description of the proposed research as well as copy of the proposed budget and budget justification. The request must be submitted to the appropriate research officer to be reviewed by the VP for Research a minimum of 15 business days before the sponsor deadline.
- 5.3. After reviewing the request, the vice president or their designee will send notice of the decision to the dean (or designee), and copies to the principal investigator and the chair, for inclusion in the PAF.

6. Approval

Approval will be granted only when the applicant demonstrates the benefit to the university of the reduced rate outweighs the benefits of recovery of full F&A. In determining the institutional costs and benefits of such requests, the VP for Research may take any or all of the following into consideration

- 6.1. equity of granting the waiver when the projects or proposals of other faculty carry full overhead
- 6.2. compassionate use or major public health benefit
- 6.3. total cost to WMU
- 6.4. likelihood that an award would be seriously jeopardized without a waiver, and the potential effect of the loss on the faculty member's overall research program

- 6.5. benefit of the waiver to new or junior faculty members or in support of research efforts in new directions which otherwise might not be sufficiently developed to attract typical peer-reviewed awards
- 6.6. effect of a waiver for funding specifically to provide student support
- 6.7. benefit of a waiver for exploratory projects expected to lead to larger proposals that will carry full F&A
- 6.8. benefit of waiver for collaborations with new companies (or branches of companies) in Michigan during their first three years

For all instances in which the F&A cost rate shown in the proposal is different from the University's negotiated rate, documentation of the restriction or approved exception must be submitted with the Proposal Approval Form (PAF) at the time the proposal is routed for authorizing signatures. When a sponsor's F&A rate is lower than the University's approved rate, the rate is then applied to ALL costs (Total Direct Costs, NOT Modified Total Direct Costs), unless the sponsor specifically excludes certain categories.

In the case of any residual funds such as on a fixed price contract, recovery of full F&A will be charged before any funds are returned to the PI.

Annual review of request-for-exception activity.

The Vice President for Research and Innovation will review annually the cumulative activity for exceptions, to ascertain trends in college and unit requests and to evaluate college-level effectiveness in recovering full F&A costs.

Related Documents:

[Requesting an F&A Rate Waiver Form](#)