

SEATTLE UNIVERSITY POLICY

Fringe Benefits and Facilities & Administration Costs for Externally Funded Sponsored Agreements

Purpose

The correct allocation of Fringe Benefits and Facilities & Administration Costs (F&A, also known as Indirect Costs or IDC) on sponsored agreements is a requirement in accordance with the provision of the Office of Management and Budget (OMB) Circular A-21: Cost Principles for Education Institutions. As a recipient of federal funds, Seattle University is required to establish policies and procedures to ensure that Fringe Benefits and F&A costs are charged properly to sponsored agreements.

Rationale

The detailed policies described herein provide assurance to all sponsors/funding agencies that the university is in compliance with requirements for allocating costs associated with Fringe Benefits and F&A.

Definitions

Cost Transfer Form (CT) – the request to transfer charges from one account (sponsored or otherwise) to another within 90 days of the charge erroneously posting to said account. This form is also used for late (more than 90 days) cost transfer (LCT) requests. The LCT request requires documentation as to why the transfer was not done within 90 days and how the error will be prevented from occurring in the future.

Facilities and Administration (F&A, IDC) Costs – costs incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored agreement, an instructional activity, or any other institutional activity (i.e. building maintenance, utilities, office space, clerical staff, etc.)

Fringe Benefits – costs incurred by the institution as part of employing an individual. These costs may include FICA, Workers' Compensation, Unemployment Insurance, Disability Insurance, Buss Pass Subsidy, Flex-Plan Benefits, Pension, and Tuition Remission.

ORSSP - Office of Research Services and Sponsored Projects of Seattle University

Payroll Distribution – allocation of an employee's base salary between funding sources for a specific period of time.

Sponsored Agreement – approved activities that are performed based on an approved scope of work and budget, which is funded wholly or in part by a federal, state or local agency, corporation, foundation, organization or other sponsor. The scope of work is clearly defined and funding is for a specific time period.

Policy

- 1. Biannually, Seattle University (SU) negotiates an F&A rate with the Department of Health and Human Services (DHHS), SU's cognizant agency as defined by the OMB. The rate is determined using the Simplified Method for Small Institutions, as defined by OMB A-21 Section H. SU uses the Salaries and Wages Base as described in OMB A-21.H.2. This rate will only be applied to the Salaries and Wages, including vacation, holiday, sick pay and other paid absences, but excluding all other fringe benefits, for the purposes of calculating the F&A costs applicable to all sponsored agreements. Once accepted, the F&A rate will not change over the life of the award.
- 2. During the above negotiations with DHHS, SU also negotiates a Fringe Benefit rate. The Fringe Benefit rate is applicable to all employee salaries and wages charged to a sponsored agreement, excluding Students and Contributed Religious Services. This rate is adjustable and may change throughout the life of the sponsored agreement.
- 3. All sponsored agreements accepted at SU will be charged using the maximum allowable federally-negotiated F&A rate. The currently applicable rates are listed on the ORSSP website.
 - a. An exception may be granted to sponsors and governmental agencies that have explicit, published policies limiting their F&A cost rate.
- 4. All Federal agreements accepted at SU will be charged using the federally-negotiated Fringe Benefit rate. Non-Federal agreements may be charged using a higher Fringe Benefit rate. This rate will be established by the SU Budget Office, and will be disclosed in the budget proposal.
 - a. There are no exceptions to charging full Fringe Benefits rates. If Fringe Benefits are limited or prohibited by an agency, the college or department will be responsible for the costs unrecovered.
- 5. Both F&A and Fringe Benefits costs will be charged quarterly to an agreement based upon the salaries and wages accrued during the previous quarter. F&A and Fringe Benefit rates will only be applied to the portion of the employee's salary that is being paid for by the sponsored agreement.
- 6. All F&A and Fringe Benefits costs reflected in the budgets submitted to a sponsor are estimates based on the salary and wage estimates in that budget. SU uses F&A and Fringe Benefit rates that are applied to salaries and wages for both budgeting/estimating and charging purposes. Actual F&A and Fringe Benefit Costs will be calculated based upon salaries and wages charged directly to the sponsored agreement.
- 7. Because both Fringe Benefits and F&A costs are functions of a Salaries and Wage base, any after-the-fact changes to an employee's effort will also affect a change to the

recovered F&A and Fringe Benefits costs. If, following effort certification, a Cost Transfer is done to move salary charges from or to a sponsored agreement, a Cost Transfer must also be done to move the applicable F&A and Fringe Benefits charges. See *Effort Reporting Policy* for more information regarding certification and payroll distribution changes.

Approved By:

Isiaah Crawford, Provost

Date Approved:

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