

# The Medical College of Georgia

## Administrative Policies and Procedures

**Office of Primary Responsibility**  
Division of Sponsored Program Administration

**Subject**  
Facilities and Administrative Cost Policy

---

### 1.0 Purpose

This policy establishes the principles for maximal recovery of Facilities and Administrative costs for the Medical College of Georgia and Medical College of Georgia Research Institute and defines procedures to assure that all requests for waivers are treated equitably.

### 2.0 Definitions

2.1 **Facilities and Administrative costs** (F&A; also referred to as indirect costs or overhead) are those costs associated with the conduct of sponsored activities that are incurred for common or joint objectives and therefore are not readily identifiable with a specific project. The Medical College of Georgia/Medical College of Georgia Research Institute applies three F&A rates:

#### 2.1.1 *Federally negotiated rates*

##### 2.1.1.1 Federal Research Rate on Campus (Predetermined)

- FY05 43%
- FY06 45.5%
- FY07 46.5%
- FY08 47%
- FY09 47%

##### 2.1.1.2 Federal Instruction Rate on Campus: 41% all years

##### 2.1.1.3 Federal Other Sponsored Activities Rate on Campus: 29% all years

##### 2.1.1.4 Federal off campus rate – all activity types: 26% all years

The off campus rate is applied to federally sponsored projects that are not conducted in space owned or controlled by MCG.

These rates are applied to modified total direct costs (MTDC). MTDC is calculated by subtracting from total direct costs the charges for equipment (\$5,000 threshold), patient care costs, renovation and alteration, tuition, rent, and each subcontract in excess of the first \$25,000.) The Manager of Cost Reimbursement and Analysis within the MCG Division of Sponsored Program Administration is responsible for development and negotiation of the F&A Cost Rate Agreement that is applicable to federal awards for both MCG and MCGRI.

2.1.2 *Industry sponsored clinical trials – as of July 1, 2007, 25% of total costs.* Note that this rate is applicable to *all* study costs, including advertising, subject compensation, and screen failures. It is *not* applicable to Investigational Review Board fees, which are required of industry-sponsored clinical trials with proposed budgets above \$10,000 whether or not the study initiates.

2.2 A clinical trial is a study involving human subjects or human derived materials; please refer to the policies and procedures of the Medical College of Georgia Human Assurance Committee (<http://www.mcg.edu/research/octc/hac/>).

2.3 A **waiver** is an exception to the recovery of F&A costs to the maximum amount allowed.

# The Medical College of Georgia

## Administrative Policies and Procedures

### Office of Primary Responsibility

Division of Sponsored Program Administration

### Subject

Facilities and Administrative Cost Policy

---

#### 3.0 Policy

- 3.1 F&A costs are real costs of institutional support for sponsored program activity.
- 3.2 Sponsored program budgets are expected to recover F&A costs at the maximum allowable rate. If the project is an industry sponsored clinical trial and the sponsor's rate is greater than 20% of total costs, the sponsor's rate will be applied.
- 3.3 Budgets for *industry sponsored non-clinical* projects are to include F&A costs at the institution's federally negotiated on-campus or off-campus F&A rate as appropriate.
- 3.4 Some sponsors and some programs provide F&A rates that are below the federally negotiated rate. Investigators/departments will not be penalized for under-recovery if the sponsor's **published policies** include **documentation** that their F&A rate is lower than the federally-negotiated rate or that they do not provide funds for F&A costs. This is not considered to be a full/partial waiver of F&A costs.
- 3.5 Full or partial waiver of F&A costs may be considered with strong justification. Waivers will only be considered in exceptional circumstances, such as instances in which the sponsor's budget limit will not support the direct costs of the project if full F&A costs are applied. Requests for waivers of F&A costs are to be submitted through the appropriate chair and dean to MCG's Associate Vice President for Research and Sponsored Program Administration for approval/review with the Vice President for Research as appropriate.
- 3.6 Questions regarding this policy should be directed to the appropriate pre-award staff member in the Office of Grants and Contracts (please refer to <http://www.mcg.edu/spa/>).

Approved: \_\_\_\_\_ Date: \_\_\_\_\_

Daniel W. Rahn, M.D.  
President