

LOYOLA MARYMOUNT UNIVERSITY
POLICIES & PROCEDURES

DEPARTMENT: CONTROLLER'S OFFICE	
SUBJECT: Facilities and Administrative Cost Policy	Page 1 of 4
POLICY NUMBER: FA 001	Supersedes: N/A
Effective Date: June 1, 2017	Previous Issued: 6/1/12

1 Statement of Policy

It is the policy of Loyola Marymount University to charge all externally sponsored projects the full federally negotiated indirect cost rate unless explicitly prohibited from doing so in writing by the sponsor or in accordance with exceptions described below.

CONTENTS

1	Statement of Policy.....	1
2	Definitions	3
3	Federally Negotiated Indirect Cost Rate	3
3.1	Description	3
3.2	Application.....	3
4	Exceptions	3
4.1	Sponsor Limit.....	3
4.2	Extraordinary Circumstances	4
5	Recovered Facilities and Administrative Cost Distribution	4

2 Definitions

Facilities and Administrative Costs (F&A)	The costs associated with the administration of sponsored project activity at LMU. They include the costs of the facilities, labs and office space, utilities and administrative support for sponsored projects. AKA indirect or overhead.
Modified Total Direct Costs (MTDC)	Include all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract. MTDC excludes equipment, capital expenditures, tuition remission, rental costs of off-site facilities, scholarships and fellowships as well as the portion of subgrants and subcontracts in excess of \$25,000.
Sponsored Project	A project funded by an award from a grant, contract or cooperative agreement under which the University agrees to perform a certain scope of work, according to specified terms and conditions. Sponsored projects are established in the University accounting system as a separate group of accounts to accumulate funds provided from the outside source, either federal or non-federal, and to account for the expenditure of those funds toward the accomplishment of the project.

3 Federally Negotiated Indirect Cost Rate

The University's cognizant agency, the Department of Health and Human Services, determines the rate the University is allowed to charge federally sponsored projects for F&A costs.

3.1 Description

Loyola Marymount University's federally negotiated indirect cost (F&A) rate is 43.9% of Modified Total Direct Costs in accordance with an agreement with the Department of Health and Human Services effective June 1, 2017 through May 31, 2021.

3.2 Application

The F&A rate is applicable to all externally sponsored projects. This includes federal grants, contracts and cooperative agreements as well as all subagreements involving federal flow through funds. The federally negotiated rate will also be applied to projects sponsored by state and local agencies, private foundations, non-profit organizations and corporations.

4 Exceptions

It is the policy of Loyola Marymount University to charge all externally funded projects the full federally negotiated indirect cost rate as applicable. Exceptions to this policy are outlined below:

4.1 Sponsor Limit

The F&A rate may be reduced or waived when the sponsor requires a reduced rate or explicitly limits LMU from full recovery. In this case, the sponsor's required rate

supersedes LMU's federally negotiated rate. This must be documented by the sponsoring agency in writing.

4.2 Extraordinary Circumstances

The F&A rate may be reduced or waived only under extraordinary circumstances with the written approval of the Dean/Director, the Chief Academic Officer, and the Controller.

The Loyola Law School required approvals for waivers of F&A are the Dean and Associate Dean for Finance and Administration.

Any F&A funds not recovered will be considered part of the University's cost share for the project unless specifically prohibited by the sponsor.

5 Recovered Facilities and Administrative Cost Distribution

Recovered F&A funds support the costs of administering research, creative and other externally sponsored projects.

It is the policy of LMU Westchester Campus to distribute recovered F&A funds in the following manner:

- a. 70% to Administrative Cost Recovery
- b. 20% to the Principal Investigator's Discretionary Account
- c. 10% to the Principal Investigator's College/School Dean or Division Director

It is the policy of Loyola Law School to distribute recovered F&A at the Dean's discretion.

In the absence of any agreement to the contrary, on projects where two or more individuals are listed as co-Principal Investigators and the budget includes more than \$5,000 of F&A:

- a. Separate discretionary accounts should be established for each co-PI,
- b. The F&A cost recovery should be divided between the co-PI's proportional to their grant-funded effort, and
- c. The F&A cost recovery should be divided between the colleges/units involved proportional to the grant funded effort of their co-PI.