

HSC OP: 65.02, **Facilities and Administrative Cost Recovery Plan**

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish policy and procedure for the recovery of facilities and administrative (F&A) costs charged to various contract and grant programs.

REVIEW: This HSC OP will be reviewed on May 15 of each odd-numbered year (ONY) by the Directors of Accounting Services and Sponsored Programs, with recommendations for revisions forwarded to the Executive Vice President of Finance and Operations by June 1.

POLICY/PROCEDURE:

1. Definitions and Background

a. The Federal Office of Management and Budget (OMB) 2 CFR Part 200 defines Facilities and Administrative (F&A) costs as " those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved."

b. Funds paid to an institution for F&A costs are reimbursement to the institution for expenditures already incurred and are necessary to

- (4) Library
- (5) Departmental Administration
- (6) Student Administration and Services

c.

b.

3. Indirect Cost Proposal

a. The Director of Accounting Services oversees the preparation and transmittal of the facilities and administrative cost proposal in accordance with the federal guidelines outlined in OMB 2 CFR Part 200. The proposal must be submitted by the due date noted in the current rate agreement

4. **Applicable Credits**

- a. Credits/receipts (e.g. purchase discounts, adjustments of overpayments or erroneous charges, etc.) are offset against the specific direct or indirect costs to which they relate.
- b. Rebates are used as administrative expenses, not distributed. They are included in the General Administrative pool within the proposal.
- c. Library fines are the only applicable credit that can be identified and summarized within

9. **Use of Recovered Indirect Costs**

a. The use of F&A recovery funds will comply with institutional policies, any federal restrictions, and Texas Education Code 145.001.