

**LONG ISLAND UNIVERSITY  
OFFICE OF SPONSORED RESEARCH**

**Facility and Administrative Costs Defined  
(Indirect Costs)**

The costs of any sponsored program consist of direct and indirect costs. Direct costs are those that may be identified as being specific to the program or project being funded. Direct costs include items such as personnel (salaries and fringe benefits); equipment; travel; supplies; consultants; etc. These costs are spent at the discretion of the project director/principle investigator as long as they comply with sponsor and university policies.

Facility and Administrative costs (F&A) are sometimes referred to as indirect costs or overhead. Certain sponsoring agencies may also call them administrative or institutional allowance. These costs are generated by the sponsored program/project but cannot be identified with any specific project. F&A costs are general administrative expenses such as payroll, purchasing, building maintenance, etc.

The F&A rate (indirect cost rate) is developed using cost principles specified by the Federal Government in OMB Circular A-21. The rate is reviewed and approved every three years by the University's cognizant audit agency, the U. S. Department of Health and Human Services (DHHS). This agreement also sets the fringe benefits rate that is applied to all externally funded programs.

The F&A Cost rate for Long Island University is applied to a base consisting of salaries and wages (S&W), not including fringe benefit costs. All applications must include full F&A reimbursement at the appropriate, approved rate unless:

- The sponsor has a formal published policy that it consistently applies to all applications. In this event, Long Island University will accept the award using the sponsor's rate and base even if the policy is not to reimburse for any F&A costs.
- Prior approval has been obtained from the Office of Sponsored Research to include F&A costs at a reduced rate. This approval must be requested and obtained in advance of the submission of the application.
- Funds that are received in support of research or training where the sponsor has no formal policy, may use a rate of 10% of Total Direct Cost as long as the sponsor provides the funds in advance and without further obligation on the part of the institution. The sponsor may place no constraints on how the funds may be used, have no requirement for financial or technical reporting, and have neither claim to copyright nor other claims to the ownership or licensing of intellectual property.