

## Assessing an F&A Rate Based on Industry Funding Type

### Industry-Sponsored Activities Overview

UNL has a strong and long history of collaboration with the private sector to maximize opportunities that advance industry. Industry projects provide access to talented UNL scientists (faculty and students) and to state-of-the-art research infrastructure, technology development and outreach efforts. The University understands that the expectations and requirements that come with support from industry can be very different than those that come from governmental funding agencies. These differences are palpable in the contracting process and in the issues surrounding research intellectual property ownership.

The most typical industry-sponsored research and activities fall into the following categories, depending on the type of work to be conducted and the funding mechanism. The funding classification will affect, among other things, the way UNL accounts for the funds, calculates and applies indirect (F&A) costs, and reports on the use of the funds to the sponsor or donor.

Sponsored Research	Gift or Donation	Fee-for-Service
<p style="text-align: center;"><b>Externally-supported funds provided to sponsor a research project, typically in response to a request for a proposal.</b></p> <p>A sponsored project occurs when UNL or an employee of UNL submits a bid, offer, proposal or the like or responds to a request, announcement, call for proposals or the like, that results in the issuance of an award – i.e. a grant, contract, cooperative agreement or any of a variety of other agreement formats. A sponsored project may be thought of as a transaction in which there is a specified statement of work with a related, reciprocal transfer of something of value.</p>	<p style="text-align: center;"><b>Funding provided for general or unrestricted support for research, public service, instruction, fellowships, traineeships or other activities.</b></p> <p>Gifts or donations given directly to the University may be for general purposes (e.g. endowment, capital projects, a line of research, faculty support, department support, library or arts support).</p> <p>Gifts require no deliverables, obligations or agreements to share data, intellectual property or other rights. They do not require return of unexpended funds or impose a time period for expenditure of the funds. No reporting is required, other than general stewardship and communications as a courtesy to the donor.</p>	<p style="text-align: center;"><b>Monetary compensation in exchange for a specific service provided by the university.</b></p> <p>Fee-for-service projects include evaluation of a product, compound or service for a private sector entity that owns or has financial interests in the data resulting from the evaluation.</p> <p>Work does not require original, creative or scholarly analyses or non-standard interpretation of data sets.</p> <p>External client requests a specific deliverable generated using known practical applications of standard procedures based on established theories and/or methods using special or unique UNL capabilities.</p> <p>External client may provide a detailed protocol and/or specific supplies for the project. Results of such work are of proprietary interest to the client and would still constitute a deliverable to the client rather than creative work by UNL.</p> <p>Pricing should take into account existing service center rates, if applicable, as well as any direct costs associated with performing the contracted services.</p>

## Facilities and Administrative Cost Rates

Federally negotiated facilities and administrative (F&A) costs, also known as indirect costs, are charged against modified total direct costs (MTDC). Modified total direct costs exclude equipment, capital expenditures, charges for patient care and tuition remission, rental costs of off-site facilities, scholarships and fellowships as well as the portion of each subgrant/subcontract in excess of \$25,000.

Date of [Rate Agreement](#): February 17, 2019. All rates in the agreement are based on MTDC

### Federally Negotiated Facilities and Administrative (F&A) Rates

Organized Research	55.5%
Ag Research Division	48.5%
Instruction	52.0%
Other Sponsored Activity	44.0%
Cooperative Extension Services	33.5%
Off Campus Activity (all programs)	26.0%

### F&A Waivers

The Vice Chancellor for Research & Economic Development (VCRED) retains authority for waivers of F&A costs on proposals and awards. Because F&A costs represent true costs of a project, waiver requests should be limited only to those rare circumstances where the benefit to the university outweighs the monetary loss to the university. Some circumstances under which a waiver will be considered include: 1) the sponsoring agency has **published** policies limiting or prohibiting the payment of full F&A or indirect costs; 2) the project requires significant cost sharing that cannot be met by other sources; or 3) there are extenuating circumstances that support such a waiver. Because corporate sponsors are expected to benefit financially from the sponsored research, they are expected to pay UNL's full F&A Rate.

Any request for a reduction of full F&A must be thoroughly justified and signed by the cognizant department chair and dean, prior to submission to the Office of Sponsored Programs for consideration and **submitted well in advance of the proposal due date**. The Vice Chancellor for Research and Economic Development makes the final determination for all waiver requests. You will be notified via email of the final determination.

The VCRED grants Deans the authorization to voluntarily waive F&A on fee-for-service projects only to a minimum of 20% for projects within their college. Any voluntary F&A waivers to a rate less than 20% still require approval by the Vice Chancellor. F&A earned on projects with voluntarily waived F&A rates up to and including 26%, will be held centrally to offset the compliance and business support costs of doing sponsored activity. For rates that exceed 26%, amounts above 26% will be distributed in accordance with the F&A Distribution policy.

If a master service agreement (MSA) exists with the company sponsoring the project, the lesser of the F&A rate outlined in the MSA or a 5% deduction from the federally negotiated F&A rate will be applied.

For federal, state, and foundation proposals, if a sponsor's published policy exists limiting our full F&A rate, a copy of the published policy (or a website where it can be found) is sufficient for justification. This request does not require approval by the department chair and dean.

## Does this Seem to Be a Sponsored Project?

Does the sponsor require deliverables? (e.g. equipment, records, detailed research results, study data, etc.)?

Does the sponsor request ownership of intellectual property? (e.g. licenses, copyrights, royalties, etc.)?

Does the sponsor request control of publications?

Yes to any

No to all

**Does the Company have a Master Services Agreement (MSA) with UNL with a defined negotiated F&A rate?**

A Master Services Agreement (MSA) is an umbrella contract between the industry sponsor and the University in which most of the terms (including F&A) will govern future transactions.

[Go to Fee-for-Service](#)

Yes

No

MSA F&A Rate Applies

UNL Federally Negotiated F&A Rate Applies

# Does this Seem to Be a Fee-for-Service Project<sup>1</sup>?

Does the type of work to be conducted involve the sale of a good or service from UNL to an external entity?

Does the type of work to be conducted fall into one of the following categories: testing, analysis, equipment use, specific training etc.?

Is any intellectual property expected to result from the project? (e.g. patentable discovery, copyrights, trade secret, etc.)?

Do all publishing rights rest with the donor/sponsor, with no publications anticipated by UNL personnel?

**Yes to any**

**No to all**

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[Go to Gifts and Donations](#)

**Yes**

**No**

<sup>1</sup>MSA F&A Rate Applies

Does the project require any of the following?

- A Services Agreement for the work to be conducted
- Compliance (IACUC, EHS, CI, IRB, BSC)
- A customized Non-disclosure Agreement
- A customized Material Transfer Agreement
- A detailed report required by the sponsor to include an analysis, interpretation and/or recommendations of the data/findings

**Yes**

**No**

<sup>1</sup> UNL Federally Negotiated F&A Rate Applies

Service Center Model  
Standard Non-Funded Agreements: MTA, NDA; 5% Administrative Fee Applies

<sup>1</sup>All Fee for Service agreements with Industry Partners should be negotiated as Fixed Price Contracts with embedded (burdened) F&A included. A Fixed Price Contract is an agreement by which UNL agrees to perform an agreed-upon set of specified deliverables in exchange for a set (fixed) amount of compensation. Under a fixed price agreement, it is important to include all costs of the work performed, as the deliverables must be provided regardless of any cost overruns. The agreement may be subject to unrelated business income tax. At no time will an external customer be charged less than UNL departments, grants or related parties for the same service.

## Does This Seem to Be a Gift or Donation?

Does the sponsor require the university to provide any goods or services?  
Does the sponsor require any fiscal or technical reports?

**No to all**

**Yes to any**

A gift or donation paid directly to UNL is processed using the UNL *Form for Reporting Monetary Donations* (Donation form). The Office of Sponsored Programs sends acknowledgement letters to confirm the donation.

Gifts and donations may also be processed through the University of Nebraska Foundation..

[Go to Sponsored Project](#)