



Office of Sponsored Programs

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F&A (Indirect) Cost Exception and Waiver Procedures

F&A (Indirect) Cost Definitions and Background:

Facilities & Administrative (F&A) costs are real costs that the institution incurs in support of extramural activities, but which cannot be charged as direct costs to a specific grant or contract. The costs result from shared services such as libraries, facilities operation and maintenance, utility costs, general, departmental and sponsored projects' administrative expenses, and depreciation, or use allowance for buildings and equipment. F&A costs also are sometimes called indirect costs or institutional overhead.

F&A rates are negotiated on a regular schedule with our cognizant federal audit agency, the Office of Naval Research. For more information on F&A cost policies at George Mason and how rates are determined and applied to projects, please see University Policy 2108, "Direct and Indirect Cost Allocations under OMB Uniform Guidance." Current rates, definitions, and resources are available on the OSP website: <https://osp.gmu.edu/facilities-administrative-fa-costs/>

Application of F&A Rates: It is the policy of George Mason to charge the maximum allowable federally negotiated F&A cost rate on all sponsored projects regardless of funding source unless a sponsoring agency's written policy will not allow full recovery of F&A costs. This may often apply to a not-for-profit organization. For-profit entities are typically charged full F&A costs. Please note that this policy document makes a distinction between an F&A Exception and an F&A Waiver, as defined below. George Mason procedures for the two categories differ as outlined below.

Application of F&A Exceptions: Rates prescribed by formal written sponsor policy uniformly applied to all university grant recipients do not require F&A waivers under University policy. As noted above, George Mason accepts sponsor F&A exceptions without any special approval process as long as their rates are published and applied consistently to all university grant recipients. Therefore, F&A rates of private foundations should be considered to be pre-approved by George Mason whenever the foundation has an explicit published policy limiting the amount that they will allow for F&A costs. When a sponsored project proposal is being prepared for routing for institutional signature, Principal Investigators must provide OSP with evidence of the sponsor's published rate either in the sponsor application forms or by including a copy of the sponsor's guidelines.

The Office of Sponsored Programs will confirm a Sponsor's maximum allowable indirect cost rate under a funding opportunity. Unless the sponsor has a written policy that limits the amount or percentage of F&A costs that can be recovered, the University will propose its applicable federally-negotiated rate. If a solicitation or an agency's formal written guidelines specify an F&A rate less than the rate currently approved by the University, that rate is accepted as the maximum rate allowed by the funding agency.

If a non-profit sponsor does not specify the maximum amount it will allow, or if its policy states the F&A rate as "negotiable," any application to such a program must include F&A costs at the fully negotiated rate or a waiver should be requested per the guidelines below.

When applying a reduced F&A rate for non-federal award, the rate should be applied to the Total Direct Costs (TDC) base, unless another cost base is specified.

F&A Waiver Request: An F&A waiver is an institutional agreement that F&A costs will be waived or charged at a lower rate than the sponsor's published rate. These waivers are extremely rare and require approval from the Associate Vice President for Research Services and may require approval by the Vice President for Research Innovation and Economic Impact.

To request an F&A waiver, please download and complete the [F&A Waiver request form](#), including Associate Dean for Research approval, and submit to Maggie Ewell, Director, Pre-Award at mewell3@gmu.edu, who will facilitate the review process.