I. Purpose
To provide further guidance and criteria to assist with the determination and application of the appropriate Facilities and Administrative (F&A) cost rates for sponsored project proposal submission. The University negotiates F&A (also commonly referred to as indirect cost) rates applicable to sponsored projects with the Department of Health and Human Services (DHHS), Cost Allocation Services (CAS).

II. Definitions
A. Off-Campus (defined in F&A rate agreement): When all sponsored project activities are performed in facilities not owned by the institution and to which rent is directly allocated to the project(s), the off-campus rate will apply. Sponsored projects will not be subject to more than one F&A cost rate. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project.

B. On-Campus: When all sponsored project activities performed in facilities owned by the University of Kentucky (regardless of physical location), or leased facilities where the University pays the lease, the on-campus rate will apply.

C. Leased Facilities: Architectural structures such as a building, warehouse, mobile office building, or commercial space which are rented/leased over a significant period of time as an alternative to purchasing or constructing new facilities. Facility rental/lease payments do not include expenditures for conference room rentals or lodging.

III. Responsibilities
A. Principal Investigator
1. If the sponsored project activity will take place both on and off-campus, provide a list of individuals to be located in the on-campus space and the off-campus space and their corresponding effort on the project to OSPA, at least 10 days prior to proposal submission.
2. Confirm the appropriate F&A rate with OSPA prior to proposal submission and budget development, including all required supporting documentation.
3. If multiple projects will be taking place in the leased space, submit an allocation plan to Research Financial Services (RFS) as needed.
4. Lease agreement for the rented facility must be furnished upon request.

B. Office of Sponsored Projects Administration (OSPA)
1. Review documentation included with the proposal and submit the proposal with the appropriate on-campus or off-campus designation and associated rate to the
sponsoring agency. Projects with more than 50% of the key personnel’s effort being performed on-campus will be considered on-campus as specified in section II.

2. Upon receipt of an award, submit the appropriate on/off-campus attribute and associated F&A rate to RFS for sponsored project set-up.

C. Research Financial Services (RFS)
   1. Review allocation plans provided for rent on multiple projects prior to expenses being posted to the sponsored project.
   2. Assist departments with determining appropriate methodology for the development of allocation plans as needed.

IV. Policy
A. A project is considered off-campus if:
   1. Any of the sponsored project activity is taking place in facilities not owned by the institution and the project budget includes rent/lease for these facilities; or the space is provided at no cost to the University
      AND
   2. More than 50% of the project is taking place in the leased or no cost facility. For purposes of determining on-campus or off-campus, the effort of key project personnel is defined to include the Principal Investigator, Co-Investigator, and other Key Personnel.

B. A project is considered on-campus if it does not meet the criteria in II.A for off-campus. This includes situations where the project is not charged directly for rent/lease, but the University is paying the lease.

V. Procedures
Supporting documentation for the leased space should include the proposed effort of key personnel including the Principal Investigator, Co-Investigator and any other Key Personnel and be provided for OSPA’s review prior to proposal submission. If criteria for the off-campus rate are not met, the full on-campus F&A cost rate will be submitted to the sponsoring agency.