

Sponsored Activity Function Types: Guidance

Purpose & Background:

The Office of Management and Budget's (OMB) Uniform Guidance– [2 CFR Part 200 Appendix III Indirect \(F&A\) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education \(IHEs\)](#) requires that institutions of higher education (IHEs) organize their activities into major function types.

- A. **Instruction**
 - 1. Sponsored Instruction
 - 2. Departmental Research

- B. **Organized Research**
 - 1. Sponsored Research
 - 3. University Research

- C. **Other Sponsored Activities (OSA)**

- D. **Other Institutional Activities (OIA)**

NU-RES reviews and approves all extramurally-funded, sponsored programs (research, instruction and OSA)¹. Expenses related to extramurally-funded research, instruction or other sponsored activities are used to develop the University's federally negotiated Facilities & Administrative (F&A) rates.

Classification into the appropriate OMB function type for sponsored research also aids the University's response to the National Science Foundation's Higher Education Research and Development (HERD) Survey. The HERD Survey is the primary source of information on Research and Development (R&D) expenditures at U.S. colleges and universities. The survey is an annual census of institutions that separately accounted for R&D expenditures of at least \$150,000 in the prior fiscal year.

Definitions:

F&A Costs mean those facilities and administrative (F&A) costs that are "incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity." Examples of facilities costs include

¹ Other Institutional Activities (OIA) such as contracts for academic, research and technical services are reviewed by the Office of General Counsel and Finance/Treasury.

General Questions: [NU-RES@northeastern.edu/](mailto:NU-RES@northeastern.edu)

Grant Officers: <https://research.northeastern.edu/nu-res/contact/>

Application Support: NU-RESHC@northeastern.edu

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depreciation and interest costs related to the University's physical plant as well as infrastructure, ITS, operating, maintenance costs. Administrative costs reflect general administrative functions such as payroll, purchasing/procurement, research administration, financial accounting and compliance.

OMB Function Types means:

- **Organized Research:**
 - **Basic:** experimental/theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any particular application or use in view.
 - **Applied:** original investigation undertaken in order to acquire new knowledge. It is directed primarily towards a specific, practical aim or objective.
 - **Developmental:** systematic work, drawing on knowledge gained from research and practical experience and producing additional knowledge, which is directed to producing new products or processes or to improving existing products or processes.

Examples of sponsored research include investigator-initiated projects, program and center grants, cooperative agreements and research contracts, research equipment grants, research fellowship and training grants. See 2 CFR 200 (Appendix III A.1.b.1)

- **Instruction:**
 - Teaching and training activities (other than research training).

Examples of sponsored instruction include curriculum development as well as non-research related teaching and training activities. See 2 CFR 200 (Appendix III A.1.a.1)

- **Other Sponsored Activities (OSA):**
 - Conduct of sponsored activities other than sponsored instruction and organized research that have a public benefit.

Examples of OSA include community service programs, clinics, conferences, editorships, etc. See 2 CFR 200 (Appendix III A.1.c).

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- **Other Institutional Activities (OIA) :**
 - All other activities of an IHE other than instruction, departmental research, organized research and other sponsored activities.

Examples of OIA include fee-for-service activities. See 2 CFR 200 (Appendix III A.1.d.)

Research and Development (R&D) means all research activities, basic, applied and development activities that are performed by University investigators. The term research also includes activities involving the training of individuals in research techniques and methods.

Application of the OMB Function Types:

This guidance is applicable to all extramurally funded proposals and awards. Each externally sponsored activity reviewed and approved by NU-RES will be assigned the appropriate OMB Function Type. Determination of the OMB Function Type is initially made at proposal stage by the Principal Investigator and will be confirmed by NU-RES at the time of award.
