FACILITIES AND ADMINISTRATIVE (F&A) COSTS POLICY

Definition

Facilities and Administrative Costs (F&A) are frequently referred to as “Indirect Costs” and are general operating costs incurred by the University in support of sponsored research, public service, and instruction. F&A costs are actual costs incurred by the University that cannot be readily identifiable or associated with a single sponsored project or activity. These costs are often misunderstood or incorrectly construed to be “profit” for the University. As is true for any organization that receives external support, these costs are real and necessary expenses for the University. F&A costs should be included as a separate line item in the budget of each proposal submitted for external funding. These costs must be budgeted so that the University can recover the true costs incurred by sponsored research, public service, and instruction projects.

The determination of these costs is based on a cost proposal submitted by the University to our federal cognizant agency, the Department of Health and Human Services. The University's current calculated F&A rate:

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<tr>
<th>Date</th>
<th>Incurred</th>
<th>Location</th>
<th>Programs</th>
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</thead>
<tbody>
<tr>
<td>09/01/2016</td>
<td>08/31/2020</td>
<td>45.00 On Campus</td>
<td>All Programs</td>
</tr>
<tr>
<td>09/01/2016</td>
<td>08/31/2020</td>
<td>13.00 Off Campus</td>
<td>All Programs</td>
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Modified total direct costs (MTDC), consist of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and up to the first $25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC shall exclude equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of $25,000.

Distribution of Recovered F&A Costs

In order to enhance research and sponsored project productivity, the following distribution of recovered F&A costs was implemented on 1 May 2016:

Of the total F&A funds recovered from an individual project,

- 10% is reallocated to the PI who generated the successful proposal (as an incentive for seeking funding to support his/her research);
- 5% is reallocated to the PI’s home department (to enhance departmental research efforts);
- 5% is reallocated to the PI’s home college (for research development efforts in the college);
- 57% is reallocated to the OSR (to offset operating costs for university research enhancement);
- 23% is reallocated to the Provost’s Office (to enhance university research efforts);
The funds returned to each entity must only be used to enhance further research and sponsored activities. These funds are restricted for research development and to support general research and sponsored project activities and must be expended accordingly. In addition, reallocated F&A costs must be expended within one year from allocation unless a formal request to extend has been submitted and approved the Vice President, Office of Research and Technology Transfer. Each PI, respective department, and respective college has its own account set up for the expenditure of these funds. The F&A costs are booked into the respective accounts on a quarterly basis and reflect the costs recovered for that quarter. Because most grants are administered on a cost-reimbursement basis, F&A costs cannot be recovered until the appropriate expenditures have been made. As soon as expenditures on the grant are made, the F&A costs are able to be recovered. This is the reason that it is important for a PI to expend his/her grant funds according to schedule. In the case of projects involving multiple PIs/departments/colleges, the amount of F&A costs returned are based on the percentages agreed to on the Proposal Approval Form when the proposal was submitted.