

FAYETTEVILLE STATE UNIVERSITY

FACILITIES AND ADMINISTRATIVE (F&A) COSTS

Authority:	Issued by the Chancellor. Changes or exceptions to administrative policies issued by the Chancellor may only be made by the Chancellor.
Category:	Research
Applies to:	●Faculty ●Staff ●Students
History:	Last Revised – July 1, 2009 Revised - February 19, 2008 Revised - July 20, 2007 First Approved - May 2, 2005 First issued - May 2, 2005
Related Policies:	<i>University Research Facilities and Administration Receipts Reporting</i> [UNC Policy #500.5]
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I. PURPOSE

Fayetteville State University (FSU) receives reimbursement of Facilities and Administrative (F&A) costs, which are sometimes referred to as indirect costs or overhead receipts and are related to the awarding of grants and contracts to FSU. These funds shall be allocated according to appropriate state and federal guidelines. This policy outlines how the funds will be used. FSU will distribute a certain percentage of F&A costs recovered from external grants to those units and investigators, college/schools, departments, and faculty members who were awarded the grants. Under the policy outlined in this document, funds will be distributed to each principal investigator (PI), the PI's home college/school/division, the Graduate School, the Office of Sponsored Research and Programs, and FSU's administrative units (Business and Finance and the Office of the Provost and Vice Chancellor for Academic Affairs). F&A costs shall be calculated monthly based on the percentages outlined in this policy.

The cost for operating a research project shall be charged directly to the grant as direct costs. These direct cost charges may include a percentage of the PI's salary as well as support for postdoctoral associates, consultants, graduate and/or undergraduate assistants, equipment needed for the research, travel, payment fees for human subjects, and other charges directly relating to conducting the project. Under no conditions should a PI receive any monetary compensation for salary or contractual services from indirect cost dollars that are placed in the PI's indirect cost account.

This policy is dictated by and in compliance with the University of North Carolina Policy 500.5 - *University Research Facilities and Administration Receipts Reporting*, which states as follows:

F&A costs (sometimes indirect or overhead receipts) are calculated for such items as facilities maintenance and renewal, libraries, salaries of technical, compliance and administrative personnel, equipment, scholarly development, and facilities support. F&A rates are set by negotiation between the federal government and each university. Lower rates are often established statutorily or by policy by certain programs and sponsors.

Under federal OMB Circular A-21, indirect costs generally reimburse for costs of the grants and contracts operations of the institution and other overhead expenses of the university in a manner consistent with the formulae under which the funds were recovered... .

UNC institutions determine expenditure of F&A receipts. The chancellor of each constituent institution shall expend F&A funds only to support scholarly development of its faculty, staff and students or to ensure that the campus infrastructure is supported to enhance such scholarly activities.

II. RECOVERY OF INDIRECT (F&A) COSTS

Unless restricted by the sponsor, all grant and contract proposal budgets submitted for external funding shall incorporate the full prevailing negotiated F&A rate or the approved university rate for a class of sponsors (e.g. corporate sponsors, state government, school districts, etc.).

When the sponsor limits or prohibits the full recovery of F&A costs, the PI must provide a statement from the sponsor concerning the restriction when submitting the proposal for internal review and approval. This statement may be a copy of the applicable policy from the sponsor's website, request for proposal, grant guidelines, or other documents, or a written statement received directly from the sponsor when no other statement of its policy is available. If the sponsor permits the recovery of F&A costs, but does not specify a rate, the PI shall contact the Office of Sponsored Research and Programs to determine the applicable rate.

When the PI wishes to waive part or all of the full amount of F&A costs that could be recovered, the PI must provide a written statement justifying the waiver when submitting the proposal for internal review and approval, and this statement must be signed by the Vice Chancellor for Business and Finance (or Provost if the Vice Chancellor is not available). Any approved waived amounts should be included in the budget in the in-kind cost sharing column.

III. DISTRIBUTION OF F&A COSTS

Five (5) categories of accounts are listed in the distribution table below. Administrative support for Business and Finance (30%) and the Provost (10%) are included to support infrastructure needs relating to sponsored research activities. Funds allocated to Business and Finance may include payment for leased space, specified salaries, and administrative costs for maintaining facilities, providing security, and other services. Funds allocated to the Provost may be used to support administrative costs for scholarly activities, in-kind costs for grant recipients, travel, equipment, and other allowable costs.

Indirect Cost Distribution Formula	
<u>Category</u>	<u>% Allocation</u>
Administration	
VC for Business and Finance	30%
Provost and Vice Chancellor for Academic Affairs	<u>10%</u>
Total Distribution to Administration	40%
Return to Academic Areas	
Administrators (e.g., Provost, Deans, Supervisors)	5%
Principal Investigators	<u>20%</u>
Total Distribution to Academic Areas	25%
Graduate School (Administrative Costs)	5%
Office of Sponsored Research	25%
Reserves	5%
Total Distribution	<u>100%</u>

Eligible PIs will receive twenty percent (20%) of overhead receipts. In order to establish an incentive account, the amount of receipts to be posted must be at least \$500 in a fiscal year. In the event that a PI has several sponsored research activities, the cumulative total amount of overhead receipts generated from all accounts will be considered, and the total amount of receipts to be posted to the PI's incentive account must be at least \$500. To reduce administrative costs, returns of less than \$500 will be allocated to the next higher administrative unit and should be made available for the PI's use at the discretion of his or her supervisor, or next higher report.

If faculty members from more than one department are involved in a project, the lead PI and the department of the lead PI will have accounts established. Faculty members are encouraged to determine how indirect costs will be used to support the project prior to submission of the proposal.

In the event that a new PI is assigned to a sponsored program during a fiscal year, the receipts from that year will be assigned to the new PI. Each individual is responsible for managing his or her account. In the event that a PI overspends grant funds, the difference needed to balance the account will be taken from the PI's incentive account and if needed, the administrator's account. The funds in the account may be used to support travel, equipment, supplies, student research training, administrative costs not covered by the award, temporary staff and other approved costs.

The administrative unit of the PI (e.g., the PI's department chair or center director) will receive 5% of overhead receipts. These funds may be used to support travel, equipment, supplies, student assistance to conduct research, administrative costs not covered by the award, meetings, professional development for faculty, **non-sponsored** research and other approved costs.

The Dean of the Graduate School will receive five percent (5%) of the overhead receipts in order to support graduate research experiences, binding of theses, publication expenses, travel to national meetings for student presentations, poster presentation expenses, graduate student research awards, guest research seminar series, travel to conduct research with off-campus alliances, feasibility studies, and related items.

The Office of Sponsored Research and Programs will receive twenty-five percent (25%) for initiatives relating to research compliance, recognition, professional development, grant writing workshops, and other approved activities. These initiatives are covered in this category and can be used for costs associated with administrative oversight grants and other Office of Sponsored Research and Programs initiatives.

Reserves of five percent (5%) will be kept on hand and monitored by Business and Finance to cover overspending of budgets or other unfunded expenditures that might be associated with grants and contract activities.

IV. DISTRIBUTION OF RECEIPTS

The Office of Sponsored Research and Programs will be responsible for negotiating the total amount of funds associated with sponsored research that can be recovered from F&A costs from the previous fiscal year. The Office of Contracts and Grants will determine the amount of overhead receipts to be distributed per the percentages in the included table and the eligibility of the recipients at the end of each fiscal year. If not already established, recipients must complete a Fund Authority to establish their Indirect Cost Overhead Fund. Annually, a *Resource Allocation Budget Form* must be completed to budget funds in categories allowable for expenditures.

Overhead funds that remain at the end of a fiscal year in individual accounts will be carried forward. These funds are to be managed by the account holder and the supervisor of the account holder.