



Policy 4.4.10

Volume 4, Academic Affairs
Chapter 4, University Research
Section 10, F&A Cost Recovery and Distribution
Approval Authority: Board of Regents
Responsible Executive: Associate Vice President for Research
Responsible Office(s): Sponsored Programs/Sponsored
Programs Accounting
Effective: **Issued:**
Last Revised: **Next Review Date:**

Facilities and Administrative (F&A) Cost Recovery and Distribution

Policy Statement

All externally-sponsored projects are expected to recover the University's full negotiated Facilities and Administrative (F&A) cost recovery rate. If a sponsor imposes a limit on F&A cost recovery, the University may, at its discretion, accept a lesser rate if written documentation (i.e., policy statement) from the sponsor is provided prior to the submission of the proposal.

Purpose

This policy provides guidelines for the recovery of F&A costs and establishes a method for the internal sharing of recovered F&A funds resulting from externally-sponsored projects. This policy is inclusive of all sponsored activities funded externally at the University.

Entities Affected by the Policy

- Colleges, departments, or units involved with externally-sponsored projects.

Who Should Read this Policy

- Deans
- Chairs
- Project Directors
- Other individuals involved with externally-sponsored projects

Policy Background

Facilities and Administrative (F&A) costs are real costs that provide reimbursement for actual University expenses that support externally-funded activities but that cannot be directly identified with or charged to a specific grant or contract. These costs include shared services such as libraries, plant operation and maintenance, utility costs, and depreciation or use allowance for buildings and equipment as well as general, departmental, and sponsored projects administrative expenses. Periodically, the University negotiates an F&A rate agreement with the federal government.

Criteria

Distribution Formula

Facilities and Administrative costs recovered from externally-funded projects cover the actual costs to the University that are required in the support of externally sponsored programs. Under this policy, a portion of the F&A funds collected on sponsored agreements will be shared with the generating units. These distributed F&A funds may be used to cover costs of a grant or sponsored agreement that does not meet the criteria for a direct charge. Funds may also be used to support costs associated with other sponsored agreements or to foster research and scholarly activities within the college or administrative unit. Distributed F&A funds are subject to all policies and procedures governing expenditures of University funds. An annual review of how F&A cost recovery funds were spent will be conducted in conjunction with the College, Department, and/or Administrative unit, the Office of Graduate Education and Research and Financial Affairs.

A portion of the recovered F&A costs will be used to support the Division of Sponsored Programs, Sponsored Programs Accounting, and the Office of Graduate Education and Research as described in Attachment A. Requests for additional funding in support of these units must be initiated by the Dean of the Graduate School and Associate Vice President for Research and is subject to approval by the President. The remaining F&A funds are to be shared on the following formula basis:

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|--------------------------------------------|-----|
| a. Originating College/Administrative Unit | 15% |
| b. Department/Division | 20% |
| c. Project Director* | 10% |
| d. University General Fund | 55% |

*The project director portion of the distributed F&A funds will be deposited into the Department/Division account. Responsibility for distributing these funds to the project director is the responsibility of the department chair or division head. Administrative units may distribute a portion of their recovered F&A costs to the generating department, program, and/or project director according to policies established within that unit.

Definitions

Facilities and Administrative (F&A) Costs

Costs that cannot be identified specifically with a particular project or activity and are incurred for common or joint objectives. "Facilities" is defined as depreciation and use allowances; interest on debt associated with certain buildings, equipment and capital improvements; operation and maintenance expenses; and library expenses.

"Administration" is defined as general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, and all other types of expenditures not listed specifically under one of the subcategories of Facilities (including cross allocations from other pools).

University	Eastern Kentucky University
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Responsibilities

Associate Vice President for Research	<ul style="list-style-type: none"> ▪ Review and approve requests for full or partial waivers of F&A costs
College Dean/ Administrative Unit Head	<ul style="list-style-type: none"> ▪ Provide a brief report describing how F&A cost recovery funds were spent in support of research and scholarship during the year. ▪ Ensure that the full F&A rate is used on all proposals unless written sponsor documentation has been provided or a waiver has been approved in advance
Department Chair/Division Head	<ul style="list-style-type: none"> ▪ Review proposals for inclusion of appropriate F&A rates ▪ Distribute F&A funds to Project Director according to the approved distribution formula
Project Directors Sponsored Programs	<ul style="list-style-type: none"> ▪ Include appropriate F&A rate in proposals
Sponsored Programs Accounting	<ul style="list-style-type: none"> ▪ Provide project directors and others with access to current F&A rates ▪ Review proposals for inclusion of full F&A rate or documentation that F&A is not permitted by sponsor
Sponsored Programs Accounting	<ul style="list-style-type: none"> ▪ Ensure appropriate draw-down of F&A funds ▪ Facilitate distribution of recovered F&A funds

Procedures

Inclusion of F&A in Proposal Budgets	<ul style="list-style-type: none"> ▪ Sponsored Programs shall provide project directors with access to the current federally-negotiated F&A rate agreement and assist in the calculation of F&A for proposal budgets. ▪ Project directors shall include the full F&A rate on all proposals submitted unless the sponsor imposes a limit on the F&A cost recovery. If such a limit is imposed, project directors shall provide written documentation from the sponsor indicating so. ▪ When a full or partial waiver of F&A costs is requested, project directors shall work with the individuals authorized to approve waivers in advance of the deadline and prior to submitting proposals. Project directors shall not submit proposals with voluntarily waived F&A costs unless authorized approvals have been granted in advance.
Inclusion of F&A in Proposal Budgets, continued	<ul style="list-style-type: none"> ▪ The Associate Vice President for Research shall review requests for full or partial waivers of F&A cost recovery and shall approve such requests only when doing so is clearly in the best interests of the University. ▪ Sponsored Programs shall ensure that the full F&A rate is used on all proposals unless written sponsor documentation has been provided or a waiver has been approved in advance. • College deans and administrative unit heads shall ensure that the full F&A rate is used on all proposals unless written sponsor documentation has been provided or a waiver has been approved in advance.
F&A Funds Draw-Down	<ul style="list-style-type: none"> • Sponsored Programs Accounting shall ensure the appropriate draw-down of F&A costs on awarded projects.

F&A Funds Distribution	<ul style="list-style-type: none">• Sponsored Programs Accounting shall facilitate the distribution of recovered F&A costs in accordance with University policy.
Reporting of F&A Expenditures	<ul style="list-style-type: none">• College deans and administrative unit heads are responsible for the approval of proposed discretionary use of F&A funds within the unit.• Sponsored Programs shall request reports of F&A cost recovery expenditures at the end of each fiscal year from each college dean and administrative unit head. Reports shall be reviewed to ensure that recovered F&A costs are spent in support of research and scholarship.• At the end of each fiscal year, each dean/administrator shall provide a brief report describing how F&A cost recovery funds were spent in support of research and scholarship during the year. This report shall be submitted to Sponsored Programs within 45 days following the close of the fiscal year.

Violations of the Policy

Policy compliance is the joint responsibility of all involved. If non-compliance issues are identified by the Office of Graduate Education and Research, corrective action may be necessary and shall be completed following consultation with the Principal Investigator, respective Dean, Department Chair, and/or Financial Manager. Corrective action may include, but is not limited to, movement of unallowable or inappropriate charges from grant accounts to departmental, college, or other university accounts, suspension of grant accounts, and/or withdrawal of a proposal or award. Any actions deemed necessary in response to policy non-compliance may be appealed to the Provost and/or Executive Vice President for Administration.

Interpreting Authority

- Associate Vice President for Research

Statutory or Regulatory References

- OMB Circular A-21: <http://www.whitehouse.gov/omb/circulars/a021/a021.html>
- OMB Circular A-110: <http://www.whitehouse.gov/OMB/circulars/a110/a110.html>

Relevant Links

[Sponsored Programs website](#)

Policy Adoption Review and Approval

Attachment 1

Designated F&A Funds for the Division of Sponsored Programs, Sponsored Programs Accounting, and the Office of Graduate Education and Research

A portion of the F&A funds recovered by the University will be distributed to the Office of Graduate Education and Research and the Division of Sponsored Programs Accounting to provide administrative support and to foster the research and scholarship efforts of Eastern Kentucky University. These funds are to be distributed prior to the application of the distribution formula to other units under the criteria section.

Requests for additional funds beyond those associated with covering normal increases in personnel costs (normal salary increases, fringe benefits, etc.) must be initiated by the Dean of the Graduate School and Associate Vice President for Research and must be approved by the President. Any agreed upon revisions must be included as a revised attachment to Policy 4.4.10.

Effective July 1, 2008, designated F&A funds to support these activities are as follows:

- Additional Faculty Development Support \$35,000
- Additional Funds for University matching Support \$22,500
- Funding to support 2 full-time grant accountants \$112,560
(estimated personnel costs based on salary of \$42,000/year plus 34% Fringe Benefits)