

FACILITIES AND ADMINISTRATIVE COST POLICY

SLT 3.11.4

Date of Last Update:

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Approved By:

- Senior Leadership Team

Responsible Office:

Center for Scholarly and Creative Excellence

POLICY STATEMENT

Grand Valley State University's Facilities and Administrative (F&A) rate (also known as the indirect-cost rate) is established in accordance with the Federal Office of Management and Budget under 2 CFR 200 Uniform Guidance (previously A-21). The rate is negotiated between the University and the U.S. Department of Health and Human Services, the cognizant federal agency that oversees the administration of sponsored agreements at the University. The University's F&A rate reflects the cost of real, auditable expenses incurred in the conduct of sponsored research and programs. Included among these costs are depreciation costs of buildings and equipment, maintenance and repairs, janitorial services, utilities, hazardous waste disposal, libraries, and general administrative costs such as sponsored programs administration, departmental administration, and general administration (accounting, purchasing, legal services, personnel, and compliance). These costs are "indirect" because they are not easily identified with a specific project and therefore are not included in the "direct" portion of the budget. Such indirect costs support the conduct of research and other sponsored programs, regardless of the source of funding, and therefore must be applied to all sponsored projects. For reasons of sound management and equitable stewardship of resources used in support of all sponsored activities, it is expected that all sponsored projects recover full F&A costs.

PROCEDURES

Facilities & Administrative (F&A) Cost Recovery Policy:

It is the University's policy that all proposals and agreements for sponsored research, including subawards and industry contracts, are subject to the recovery of facilities and

administrative costs (F&A) at the University's approved and published rate. In some cases, the sponsor has a written policy, uniformly applied, prohibiting F&A costs or restricting the payment of such costs to a lower rate. An exception to the University's F&A cost recovery policy may be warranted if it is clearly in the best interest of the University to accept the award with less than full F&A cost recovery. Any reduction (defined as a waiver of F&A) is strongly discouraged and requires prior approval from the Vice Provost for Research Administration. This exception does not apply to for-profit (industry) sponsors, as such sponsors are expected to provide full F&A when funding a sponsored project. Designation of a sponsored award as a gift will not preclude the recovery of indirect costs if such costs are allowed by the donor.

Facilities & Administrative (F&A) Cost Return and Use Policy:

Each year, the University returns a portion of the recovered F&A costs as appropriate to those generating the grants and contracts. This return of F&A costs generally occurs at the end of each fiscal year and is based upon the F&A costs recovered on sponsored projects during the preceding fiscal year (July 1 - June 30). For sponsored awards originating within academic units with a tenure stream Faculty Principal Investigator, recovered funds are distributed as follows.

- Faculty Principal Investigator – 12.5%*
- Faculty Home Department – 7.5%
- Appointing Officer of unit generating the recovered funds – 20%
- Provost – 20%
- General Fund (Facilities Infrastructure) – 40%

For all other proposals, recovered funds are distributed as follows.

- Appointing Officer of unit generating the recovered funds – 40%
- Provost – 20%
- General Fund (Facilities Infrastructure) – 40%

It is anticipated that, when appropriate, recovered funds will be used strategically for research initiatives, faculty start-ups, bridge funding and required cost share, and to provide the necessary administrative support for research projects. Indirect cost recovery funds cannot be used to increase the principal investigator's annual compensation.

Indirect cost revenue recovered on Financial Aid expenditures will not be allocated and all proceeds will be returned to the General Fund.

Charter Schools are not considered a sponsored program and therefore not affected by this policy.

*Note: if the recovered funds allocated to the Faculty PI are less than \$500, funds will be deposited into departmental FOAPs rather than individual Faculty PI FOAPS
