

ITEM: F.40**DATE: 7/14****FACILITIES & ADMINISTRATIVE (F&A) COST POLICY****Policy Applicability & Collection of F&A Costs**

The following policy regarding collection of F&A costs applies to all proposals for sponsored projects submitted on or after July 1, 2014. F&A costs must be included in the budgets of proposals for grants, contracts, cooperative agreements, and subrecipient agreements (sponsored project agreements) when allowable. An abbreviated version with major points of USI's policy is described below. The complete policy is available at usi.edu/ospra

Facilities and Administrative Cost Policy

The University of Southern Indiana requires that F&A costs be included in the proposed budgets for grants and contracts when allowable. If a sponsor's written policy or proposal guidelines place a limit on the percentage or amounts of F&A costs that may be recovered, then USI will request F&A costs in accordance with the sponsor's requirements. **Otherwise all proposals should utilize the university's federally negotiated rate based on award type.**

Award type	F&A rate
On campus grant, contract, or sponsored agreement	45% MTDC
Off campus grant, contract, or sponsored agreement	15% MTDC

MTDC -- modified total direct cost (MTDC) base. MTDC includes salaries, wages, fringe benefits, materials, supplies, services, travel, and up to \$25,000 of subgrants or subcontracts issued by the University to another organization. Capital equipment, rental of off-site facilities, tuition remission, scholarships, fellowships, and portions of subgrants or subcontracts in excess of \$25,000 are excluded from the MTDC base.

The appropriate rate to use is determined by the location where the majority of the project work is to be conducted.

50% or more of the work performed in facilities owned by USI	On campus rate
More than 50% of the work performed in facilities <u>not owned or leased by USI</u> (including space provided to USI at no cost)	Off campus rate
More than 50% of the work performed in <u>facilities leased by USI and rent is directly allocable</u> to the project	Off campus rate
More than 50% of the work performed in facilities leased by USI and rent is <u>not directly allocable</u> to the project	On campus rate

Federal and state regulations require that the approved F&A cost rate be applied consistently to all sponsored projects not only those funded by the federal government. Failure to recover all costs reduces the university's capacity to perform its core functions and undermines the potential benefits of sponsored projects to the institution.

An exception to the F&A cost recovery policy may be warranted if it is clearly in the best interest of the University to accept the sponsored project with less than full F&A cost recovery and only when appropriately justified. Exception requests including rationale and justification must be submitted in writing to the executive director of Sponsored Projects and Research Administration for approval, who will consult

with the Provost and dean of the principal investigator's college. The approval to waive or reduce F&A costs requested must occur prior to the submission of a proposal.

Research Incentive Distribution of F & A Costs

The following policy regarding distribution of F&A costs effective July 1, 2014, applies to all grants, contracts, cooperative agreements, and subrecipient agreements (sponsored project agreements):

	On-Campus Rate	Off-Campus Rate*
Department/college of PI	5%	35%
Rice Library	5%	5%
Sponsored Projects & Research Administration	35%	35%
Special Reserve Fund – to be distributed based on need for special projects or services related to grants, including physical plant, business office, HR, IT, and other offices that support grant activities.	55%	25%

Special Cases: In the case of collaborative proposals involving multiple departments, colleges, or administrative units, the distribution plan for sharing the departmental and college shares of recovered F&A costs must be agreed upon and indicated on the USI Internal Routing Form prior to the proposal's submission. These collaborative distribution plans must be approved by the executive director of Sponsored Research and Research Administration and the cognizant dean(s) or equivalent administrator(s).