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Charging and Distributing Facilities and Administrative Costs

OVERVIEW

Facilities and Administrative Costs (F&A) or indirect costs are charged to all sponsored programs (grants and contracts) under the requirements of the U.S. Office of Management and Budget Circular A-21, *Cost Principles for Educational Institutions*, and consistent with the University's federally-negotiated F&A Cost Rate with the Department of Health and Human Services, the University's cognizant agency. Recovered F&A costs reimburse the University for actual costs associated with performing research that are not specifically allocable to any single sponsored project. Such costs include utilities, buildings and facilities costs, information technology infrastructure, department and central administrative costs associated with managing externally funded projects and libraries.

Sponsors have an expectation that F&A costs applied to sponsored programs will not normally exceed the federally-negotiated rate, and that the rates applied to a federally-sponsored program represents the best value for the federal government.

UNIVERSITY F&A COST RATE

Effective July 1, 2012, the University implemented a new rate agreement. F&A Costs will be budgeted and expended using a rate of 40% of Total Direct Costs (TDC), excluding capital expenditures and subaward amounts in excess of \$25,000.

The University's negotiated F&A cost base INCLUDES the following budget categories:

- Salaries and wages, including fringe benefits
- Services
- Materials and supplies
- Travel
- Rental costs of off-site facilities
- Scholarships and fellowships
- Tuition remission
- Subawards, service agreements and consulting agreements up to \$25,000 each

The University's negotiated F&A cost base EXCLUDES the following budget categories:

- Capital expenditures, including equipment having a unit cost of \$5,000 or greater
- The portion of any single subaward, service agreement or consulting agreement which exceeds \$25,000

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DESCRIPTION OF F&A COSTS FOR PROPOSALS IN PREPARATION

To accurately describe the F&A base used in all proposals in preparation, investigators are encouraged to utilize the following description:

"Facilities and Administrative (F&A or indirect) costs are calculated in accordance with Georgia Southern University's federally-negotiated F&A rate agreement (Department of Health and Human Services, effective 7/1/2012), which is currently 40% of total direct costs excluding only capital expenditures and the amount of subawards in excess of \$25,000. Georgia Southern University's threshold for capital expenditures and capital equipment is \$5,000."

APPLICATION OF F&A COSTS

The University will seek full recovery of F&A costs regardless of the sponsor (federal, state and nonprofit). All project budgets should include F&A costs as determined by the University's federally negotiated rate.

USE OF ON- AND OFF-CAMPUS RATES

The use of the on- or off-campus F&A rate is determined as follows:

- If 51% or more of proposed salaries for University personnel represents compensation for **on-campus effort**, the **on-campus** rate of 40% will apply.
- If the project will be performed in facilities not owned by the University, **AND** if rent is directly allocated to the project, **AND** if 51% or more of proposed salaries for University personnel represents compensation for **off-campus effort**, the **off-campus** rate of 15% will apply.

The inclusion of a subcontract or consulting agreement in a budget has no bearing on the applicable rate. The applicable on- or off-campus rate is related solely to the compensation to be paid to University employees.

VARIATIONS AND EXEMPTIONS

Despite the acceptance of a federally-negotiated F&A rate between the University and its cognizant agency, the F&A rate applied to a sponsored program may deviate based upon the sponsor's written policies or the institution's acceptance of an alternate rate as mandated by a sponsor. For example, some federal sponsors may place a cap on the rate that may be charged to all of its awards or certain types of awards. The University attempts to obtain full recovery of F&A costs on all sponsored programs, except where specific written policies of the sponsor preclude doing so. When a sponsor's formal written and documented policy stipulates a lower F&A rate, the University will abide by the restriction. However, requests for reduction or waiver of the federal F&A rate or a non-federal sponsor's stated rate must be approved by the Vice President for Research and Economic Development (VPRED).

DISTRIBUTION OF RECOVERED F&A COSTS TO ACADEMIC AND ADMINISTRATIVE UNITS

Historically, the distribution of recovered F&A costs has followed the classification of the sponsor, providing separate distributions based upon the status of a federal or non-federal sponsored program. Again, while a bit unconventional, the impetus for this distribution can be traced back to the Memorandum of Understanding between Georgia Southern University and the Georgia Southern University Research and Service Foundation, which uses similar language as that originally utilized in establishing the Georgia Tech Research Corporation within

the University System of Georgia. As such, the following methods should be used in distributing recovered F&A costs under federal and non-federal programs:

1. Recovered F&A costs are distributed between the Georgia Southern University Research and Service Foundation (GSURSF) and Georgia Southern University (GSU).
2. For federal programs, and as described by the Memorandum of Understanding between the entities, the distribution of the total recovered F&A cost under a sponsored program is “36/46th” or 78.26% to GSU and “10/46th” or 21.74% to the GSURSF.
3. For non-federal programs the distribution remains as historically provided for, and is distributed as 39.13% to GSU and 60.87% to the GSURSF.
4. Based upon these historical processes, the distributions resulting from federal and non-federal programs are distributed by GSU to the academic and administrative units according to the Standard F&A Distribution:

Academic or Administrative Unit	<u>GSURSF as Prime</u>		<u>GSU as Prime</u>
	Federal Programs	Non-federal Programs	Federal and Non-Federal
Georgia Southern University			
Project Director/Principal Investigator	10%	----	10%
Department Chair/Unit Director	25%	25%	25%
Dean	15%	----	15%
Vice President (for Funded Unit)	0%	----	15%
Graduate Dean	0%	----	15%
Vice President for Research	14.13%	----	10%
Research Accounting	14.13%	14.13%	10%
Research and Service Foundation	<u>21.74%</u>	<u>60.87%</u>	----
	100%	100%	100%

5. The recovered F&A costs are calculated by multiplying the applicable F&A rate (federal, non-federal, or other stipulated rate) by the applicable rate-bearing direct costs incurred or charged to the sponsored program.
6. Recovered F&A costs are calculated by the Office of Research Accounting on a monthly basis and dispersed to the academic and administrative units as applicable using a fund code 15 account.
7. Fund code 15 and Fund code 20 are non-lapsing program codes and not subject to fiscal year end closing.
8. F&A costs recovered by the GSURSF are retained as part of the Foundation’s financial portfolio and used for the sole purpose of supporting the research, funding and technology transfer activities of the University’s research enterprise.

COLLEGE-SPECIFIC DISTRIBUTION OF RECOVERED F&A COSTS

Academic units may, with the prior approval of the VPRED, devise their own alternate distribution of F&A costs for the academic portion (Project Director/Principal Investigator, Department Chair/Unit Director, and Deans) of recovered F&A costs to incentivize external funding within their units. Units with approved alternate F&A distributions may be found in Appendix A.

DISTRIBUTION OF RECOVERED F&A COSTS TO COLLABORATIVE ACADEMIC UNITS

By default, recovered F&A costs for sponsored programs involving only one college and department will be distributed as described previously. In cases where one or more colleges and/or departments are collaborating under a sponsored program, recovered F&A costs attributable to any of the academic distribution categories (project director/principal investigator, department chair/unit director and deans) may be split, either equally or unequally, to align with the effort and/or resources of the collaborating units. For example, under a sponsored program involving a single college with multiple departments, the departments may wish to split the project director/principal investigator portion (10%) amongst multiple investigators and the department chair/unit director portion (25%) amongst the participating departments. In collaborations involving more than one college, the applicable college portion (15%) may also be split equally or unequally.

There are two acceptable methods for aligning F&A costs under collaborative projects:

1. New and pending proposal submissions

The distribution of F&A costs amongst collaborating units should be memorialized at proposal routing/approval stage of the proposal development process, with vested parties certifying to the distribution of F&A costs prior to proposal submission. Although it is best to acquire all approvals at the proposal stage, the F&A cost distribution may be altered by mutual agreement of the vested parties any time before an award is established.

2. Currently active projects

The database utilized by the Office of Research Accounting retroactively calculates F&A revenue distributions back to the beginning of the fiscal year. Thus, any changes made to the distribution of active sponsored programs will be retroactive to July 1 of the current fiscal year. To minimize disruption to accounting functions, any realignment of F&A costs under active collaborative projects must be performed between July 1 and September 30. In such cases, all parties (investigators, chairs and deans) must approve of the revised distribution, which will only apply to recovered F&A costs collected during the current fiscal year and beyond, and not retroactively to prior fiscal years.

Recovered F&A costs are distributed not more often than monthly by the Department of Research Accounting based upon the F&A cost distribution on file for each individual sponsored program.

UTILIZATION OF F&A COSTS

Recovered F&A costs may be used to acquire goods and services at the discretion of the recipient. Recovered F&A costs are considered restricted state funds and all costs must adhere to the policies of Georgia Southern University and the University System of Georgia. The department chair/unit director may independently impose further restrictions on the utilization of recovered F&A costs, restricting allowable costs to, for example, only research-related costs, as the chair deems appropriate. **RETENTION OF F&A COSTS**

All F&A costs recovered under sponsored programs are retained by the University, as are any and all goods, supplies and equipment purchased with recovered F&A funds. If an investigator departs or retires from the University, funds remaining in his/her individual F&A account will be moved to the department chair/unit director account to be retained by the department chair/unit director.

Appendix A: Approved Alternate F&A Distributions

The following units have been granted alternate recovered F&A cost distributions by the Office of the Vice President for Research. **Percentages in Red** represent variations from the standardized recovered F&A cost distribution.

Jiann-Ping Hsu College of Public Health

Sponsored Programs through JPHCOPH Disciplines

Academic or Administrative Unit	<u>GSURSF as Prime</u>		<u>GSU as Prime</u>
	Federal Programs	Non-federal Programs	Federal and Non-Federal
Georgia Southern University			
Project Director/Principal Investigator	25%	15%	25%
Discipline	15%	5%	15%
Dean	10%	5%	10%
Vice President (for Funded Unit)	0%	----	15%
Graduate Dean	0%	----	15%
Vice President for Research	14.13%	----	10%
Research Accounting	14.13%	14.13%	10%
Research and Service Foundation	21.74%	60.87%	----
	100%	100%	100%

Sponsored Programs through JPHCOPH Centers and Institutes

Academic or Administrative Unit	<u>GSURSF as Prime</u>		<u>GSU as Prime</u>
	Federal Programs	Non-federal Programs	Federal and Non-Federal
Georgia Southern University			
Project Director/Principal Investigator	25%	10%	25%
Center	15%	10%	15%
Dean	10%	5%	10%
Vice President (for Funded Unit)	0%	----	15%
Graduate Dean	0%	----	15%
Vice President for Research	14.13%	----	10%
Research Accounting	14.13%	14.13%	10%
Research and Service Foundation	21.74%	60.87%	----
	100%	100%	100%

College of Business Administration

Academic or Administrative Unit	GSURSF as Prime		GSU as Prime
	Federal Programs	Non-federal Programs	Federal and Non-Federal
Georgia Southern University			
Project Director/Principal Investigator	25%	15%	25%
Discipline	15%	5%	15%
Dean	10%	5%	10%
Vice President (for Funded Unit)	0%	----	15%
Graduate Dean	0%	----	15%
Vice President for Research	14.13%	----	10%
Research Accounting	14.13%	14.13%	10%
Research and Service Foundation	21.74%	60.87%	----
	100%	100%	100%

College of Science and Mathematics

Academic or Administrative Unit	GSURSF as Prime		GSU as Prime
	Federal Programs	Non-federal Programs	Federal and Non-Federal
Georgia Southern University			
Project Director/Principal Investigator	15%	15%	15%
Department Chair/Unit Director	22.5%	5%	22.5%
Dean	12.5%	5%	12.5%
Vice President (for Funded Unit)	0%	----	15%
Graduate Dean	0%	----	15%
Vice President for Research	14.13%	----	10%
Research Accounting	14.13%	14.13%	10%
Research and Service Foundation	21.74%	60.87%	----
	100%	100%	100%

Rural Health Research Institute

Interdisciplinary Institute for STEM Education (I²STEM)

Academic or Administrative Unit	GSURSF as Prime		GSU as Prime
	Federal Programs	Non-federal Programs	Federal and Non-Federal
Georgia Southern University			
Project Director/Principal Investigator	10%	10%	10%
Department Chair/Unit Director	5%	5%	10%
Dean	10%	5%	15%
Rural Health Research Institute	25%	5%	25%
Vice President (for Funded Unit)	0%	----	10%
Graduate Dean	0%	----	10%
Vice President for Research	14.13%	----	10%
Research Accounting	14.13%	14.13%	10%
Research and Service Foundation	21.74%	60.87%	----
	100%	100%	100%

Allen E. Paulson College of Engineering and Information Technology

Academic or Administrative Unit	GSURSF as Prime		GSU as Prime
	Federal Programs	Non-federal Programs	Federal and Non-Federal
Georgia Southern University			
Project Director/Principal Investigator	15%	15%	15%
Department Chair/Unit Director	22.5%	5%	22.5%
Dean	12.5%	5%	12.5%
Vice President (for Funded Unit)	0%	----	15%
Graduate Dean	0%	----	15%
Vice President for Research	14.13%	----	10%
Research Accounting	14.13%	14.13%	10%
Research and Service Foundation	21.74%	60.87%	----
	100%	100%	100%

College of Education

Academic or Administrative Unit	GSURSF as Prime		GSU as Prime
	Federal Programs	Non-federal Programs	Federal and Non-Federal
Georgia Southern University			
Project Director/Principal Investigator	25%	15%	25%
Department Chair/Unit Director	15%	5%	15%
Dean	10%	5%	10%
Vice President (for Funded Unit)	0%	----	15%
Graduate Dean	0%	----	15%
Vice President for Research	14.13%	----	10%
Research Accounting	14.13%	14.13%	10%
Research and Service Foundation	<u>21.74%</u>	<u>60.87%</u>	----
	100%	100%	100%